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Latin America Report



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2 March 1984

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PEMEX HONORS INNOVATIVE ENGINEERS

Mexico City EXCELSIOR in Spanish 17 Dec 83 p 31-A

[Text] The head of Pemex [Mexican Petroleum], Mario Ramon Beteta, publicly honored, congratulated and awarded incentives to a group of workers of that industry, engineers attached to the "Eighteenth of March Refinery" and members of the security team of that refinery.

Honorees were: engineers Francisco Rivas Chavez, Juan Chanfreau Ibarra, Ezequiel Pimentel Padilla, Leonardo Peralta Ceron and Antonio Chavez Cendejas, who designed and constructed in their workshops a pipe-bending machine which represents a significant contribution of the petroleum industry to the field, since it offers a solution to the problem of fabrication of expansion curves in product transport pipelines, which formerly had to be imported at very high prices.

Also honored were: accident prevention experts Carlos Humberto Zaballa, superintendent of technical inspection of the office of petrochemical operations management; Donaciano Aleman Castillo, coordinator of the technical inspection superintendency; Luis Hugo Auriolos Lopez and Jorge Ribera Tapia, of the security team of the refinery mentioned. These men participated in controlling the fire which occurred at the maritime terminal at Corinto, Nicaragua, and collaborated in putting out other fires, as in the case of the thermoelectric powerhouse adjoining the Pemex refinery in Tula, Hidalgo.

At the ceremony, which took place yesterday morning in the Pemex general headquarters building, attorney Beteta said: "What characterizes Mexican Petroleum is not inefficiency, nor corruption, nor the misbehavior of those who work for it. It is an exceptionally highly esteemed institution, which for almost a half century has made important contributions to the development of this country."

12383

CS0: 3248/385

ELECTRIC POWER RATES BOOSTED AVERAGE 35 PERCENT

Mexico City EXCELSIOR in Spanish 31 Dec 83 pp 1-A, 13-A

[Article by Aurelio Ramos M.]

[Text] The Secretariat of Finance and Public Credit authorized an average increase of 35 percent in rates for electric energy use and specified that the gradual increment of 2.5 percent per month will be preserved. Moreover, in the new rate structure progressive rates for household service are maintained, and a lower kilowatt-hour price is granted to small users. The relevant resolution was published yesterday in the official journal of the Federation, and it notes that with the rate adjustment it is sought to make it possible for the electricity sector to compensate partially for increases in costs and for deterioration in the true price of electricity, as well as to reduce financial pressure and to accommodate the growing demand of the national market for electricity.

The adjustments also seek to make it possible for the sector to continue making investments in new construction and to maintain in good condition the installations which it already owns in order to guarantee the necessary supply of energy required for the development of the country. The objective is to enable the electric companies to increase the amount of their own resources and to reduce federal government contributions and subsidies.

The new increase becomes effective the first of next January, and the 2.5 percent monthly increment will be cumulative from February, so that the rates by the end of 1984 will show a total increase of 63 percent.

Cost is Minimal

The document says that, according to an analysis made by the secretariat, "the effect of the cost of electric energy on the household budget is very small, compared with various other items," and it explains as well that the special tax on production and services, one peso per kilowatt-hour, will be incorporated into the monthly increment.

This charge constituted an important source of income for the federal treasury, and was allocated for the support of the electricity sector, but it will now no longer be applied to this purpose, "so that the rate adjustments which are

being authorized do not actually represent for consumers an additional charge; but involve only a substitute mechanism."

It is also stated that the federal government will continue its policy of assistance with contributions to the fund of the federal electricity commission with the aim of guaranteeing an adequate investment program to take care of expansion of the market. And the electricity sector, for its part, confirms its commitment to maintain its productivity programs, which had an increase of 27 percent in the last 5 years.

For Low Income Consumers

Regarding reduction of prices per kilowatt-hour for small users, it is provided that those who use up to 50 kilowatt-hours per month will be entitled to the elimination of the monthly fixed charge, provided the service is single wire. The study of the business also indicates that in 1984 some 17 million Mexicans will benefit from the reduced rates, which will particularly assist members of the lower income, or minimum wage sector, who "will allot only 1.33 percent of their monthly income for payment of the electric bill."

As regards the new industrial rates, says the analysis, they tend to encourage the rational use of electricity, while rates applying to the extraction and smelting of minerals are eliminated, in conformity with the provisions of the resolution of 2 August 1982, which established the current electricity rates. Users in this category will be incorporated into the industrial rate. With regard to service to pumping plants for agricultural irrigation, and service to mills grinding corn for tortillas, the secretariat indicates that care will be taken to maintain the criterion of fairness in favor of the well-being of the majority.

According to the document published in the official journal, the rates are increased for household service, for household service in very hot climate locations, for general service of up to 25 kilowatts and for service above this amount, also the rate for tortilla corn grinding mills and tortilla bakeries, for pumping of drinking water and sewage water for the public service, for the weather service, for high voltage service and general service of voltages of 66 kilowatts and more.

Among the justifications for the increase, it was also noted that the National Development Plan provides that the charges made by public enterprises shall be a fundamental component for increasing the savings and the investment capacity of the state, and, at the same time, for reducing the deficit of the public sector; for it is not desirable for the financial situation of public enterprises to continue getting worse to the point of forcing upon them an extreme dependence on treasury and fiscal supports.

12383

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TRINMAR UNVEILS PLANS FOR EXPANSION IN OPERATIONS

New Drilling

Port-of-Spain TRINIDAD GUARDIAN in English 2 Feb 84 p 7

[Text]

SAN FERNANDO:

TRINMAR is expected to drill about 26 wells this year three of which will be exploratory or semi-exploratory and 23 development wells aimed at increasing production.

The company anticipates a production of 37,782 barrels, an increase in production over last year's output.

This was stated yesterday by Minister of Energy and Natural Resources, Mr Patrick Manning, at a news conference held at Trinmar office, Point Fortin, after he held discussions with technical officers of the company.

Mr Manning said the 1983 production represented 1.9 per cent decrease over the level for the previous year.

According to the Minister the company finds that as it now stands in the existing tax regime, there is a projected decline in production for 1985 and 1986 but with other developments "we can see a significant increase in 1987 and 1988."

Mr Manning said that "all this of course is affected by the tax regime and we are working in the Ministry and at the level of the Government to review that with a view to appropriate adjustments."

He anticipated the decline for 1985 and 1986 would not arise and that the company would be in a position to look at some of the other prospects that it had already identified and "we will be able to see in those years at least the maintenance of production, if not some production increase."

The company has been seeking to identify in existing fields more prospects of technical basis, according to the Minister.

He said that the stage was being set for development and exploration activities.

415M BARRELS

To make it clear to all and sundry, notwithstanding the fact that by the end of 1983 Trinmar had already produced 415 million barrels of oil in its 29th year of operations, "there is still a significant quantity of oil in the acreage of Trinmar's control. The company has to identify those prospects and develop them as expeditiously as possible."

Mr. Manning added that the company was very proud of the experiment it had been carrying out in the Soldad main field.

On the basis of that experimental water flood project, the company found that it was now in a position to define a much larger water flood scheme on the basis of the experience gained and was now working actively on the initiation of a major water flood scheme by the beginning of 1986.

"These things take time — things like compressors and equipment are to be purchased and it would take time to get those things properly installed to get water injection

started. Current target is January, 1986."

He said the first half of 1986 was likely to be the period of time when the major water flood project would be initiated by Trinmar, which would, of course, effect production for that year and subsequent years.

Mr Manning, describing the move as a pilot project, said that, if successful, Trinmar could produce about 1.2 million barrels of extra oil.

Last year the company indicated that it was contemplating a pilot project in steam flooding in the marine areas, which was very unusual.

When Trinidad officials visited Venezuela not too long ago, they noticed that the Venezuelans were in fact carrying out a steam flood project in Lake Maracaibo.

"We did in fact focus on that project and spoke at length with the technical people," he added.

He said that contact was been established between Trinmar and the relevant Venezuelan company and under the memorandum of understanding signed between the Governments of Trinidad and Tobago and Venezuela, there was likely to be a technical exchange of information between Trinmar and that company — Lagoven.

Additional Spending

Port-of-Spain TRINIDAD GUARDIAN in English 3 Feb 84 p 6

[Text]

IN AN effort to boost production of crude oil, Trinmar Limited expects to spend a little more than \$100 million in its drilling programmes for 1984.

Trinmar comprises Texaco Trinidad Inc., Trinidad and Tobago Oil Company Limited (Trintoc) and Trinidad-Tesoro Petroleum Company. Trinmar has its offices at the Trintoc Building in Point Fortin.

The consortium is engaged in marine operations mainly in the Gulf of Paria stretching from offshore San Fernando to Soldado Rock.

Last Wednesday, Minister of Energy and Natural Resources Patrick Manning visited Trinmar at Point Fortin then held discussions with technical officers of the company.

The Minister spoke about Trinmar's programme to increase crude production in 1984 and he said he believed that prospects were good.

Texaco Trinidad Inc., facing economic problems, is to continue to participate in the three-company enterprise.

Asked whether Texaco intended to remain in the consortium although this company was facing economic problems, a Texaco spokesman said yesterday it had no plans to pull out.

CSO: 3298/477

ENERGY MINISTER COMMENTS ON CURRENT PETROLEUM ISSUES

Texaco Talks

Port-of-Spain EXPRESS in English 30 Jan 84 p 1

[Article by Harry Partap]

[Text] Energy and Natural Resources Minister Patrick Manning has said whatever the outcome of negotiations on the future of Texaco Trinidad Inc, and the full ownership of Trinidad-Tesoro Petroleum Company, this country had taken steps to remain the major refining centre in the Caribbean.

Manning made the declaration Saturday at the annual convention of the Pointe-a-Pierre Constituency of the ruling People's National Movement at St John Baptist Lodge, Gasparillo.

Also attending the convention was Pointe-a-Pierre Parliamentarian, Winston Hinds, party secretary, Alvin Quamina and alderman Elaine Charles of the San Fernando Borough Council.

Manning told party members about the issue of the future of Texaco and the state's acquisition of the remaining 49.9 percent shares of Trinidad-Tesoro. He said government was now ready to begin negotiations with Texaco on the question of that company's future.

While not hinting which way the discussions could go, Manning said certain restructuring would have to be done so that Trinidad and Tobago would remain the major refining centre in the Caribbean. Speaking about his three trips to Venezuela and one to Mexico last year, Manning said, "we have not been joy-riding. The minister of Energy and Natural Resources had not been joy-riding. We were engaged in serious discussions to ensure that we continue to be the main refining centre in the Caribbean," he said.

Manning said the Government had been holding discussions with petroleum interests in Venezuela, Mexico, Brazil and Ecuador with the hope of retaining his refining objective. Said he, "I know the basis on which I say that." Manning said the refineries would have to be upgraded and an injection of money would have to be made in the industry to make the technology up-to-date in order to maximise profits.

Manning also touched on the other energy-related industries stating that the "profits of doom and gloom would have to eat their words." He said ammonia prices had shown a healthy recovery while urea prices were now beginning to show reasonable signs of "picking up."

He told the meeting the methanol market would soon be on the rise since methanol would have to be used by most pollution-conscious countries to de-octaine gasoline. He said that lead in the gasoline was the prime move of pollution and methanol was now the chemical to reduce it.

[Editor's Note: On 3 February, the Port-of-Spain TRINIDAD GUARDIAN, on page 1, notes that the government has appointed a team to begin urgent formal negotiations with Texaco. The report goes on:

["The appointment of the team, led by Mr Dodderidge Alleyne, Permanent Representative to the United Nations, Chairman, follows discussion of the role and direction of the oil industry by the National Economic Planning Commission.

["Other members of the team are: Mr Frank Barsotti, Permanent Secretary, Ministry of Finance and Planning; Dr Euric Bobb, Deputy Governor of the Central Bank; Mr Trevor Boopsingh, acting Permanent Secretary, Ministry of Energy and Natural Resources; Mr John Andrews, Commissioner of Inland Revenue, Ministry of Finance and Planning; Mr Errol Pilgrim, Principal Treasury Executive, Ministry of Finance and Planning; and Mr Lionel Jones, Solicitor General, Ministry of Legal Affairs.

["The Team is to report to the Ministerial Committee, chaired by Mr Errol Mahabir, Minister of Labour, Social Security and Cooperatives.

["Negotiations will be conducted in Port of Spain and in New York as circumstances warrant, with the first session being held in Port of Spain."]

Gasoline Situation

Port-of-Spain TRINIDAD GUARDIAN in English 31 Jan 84 p 1

[Article by Suzanne Morris]

[Text] Minister of Energy and Natural Resources Mr Patrick Manning said yesterday that only one brand of gasoline (premium) may be available on the local market in the near future because of a gradual reduction in the consumption of "regular" gasoline.

Mr Manning said that initial studies had shown that more than one range of gasoline "was not really needed." He said that in other countries the range of fuel available for consumption was much narrower and it appeared that only one type of gasoline was required.

If this measure is instituted, it could mean that motorists using the cheaper regular gas would have to pay five cents more per litre for premium gas. At present, regular gas retails for 80 cents a litre while premium costs 85 cents.

Mr Manning revealed that the availability of regular gas would be reduced "on a rational basis." He was quick to point out that the gas would still be available, but added that his ministry "could not ignore the possible savings if consumption was cut down."

He explained that the move would reduce the number of deliveries that would have to be made by tank wagons to service stations and cut down on operational costs.

This was just one of a number of revelations made by the Energy Minister yesterday after he made an official tour of the Sea Lots Complex of the National Petroleum Marketing Company Limited (NP). The tour--the first to be made to the company--came as the ministry held the first in its series of annual technical meetings with companies throughout the country.

Mr Manning also held talks with company officials on various aspects of NP's operations. Special attention was paid to safety and efficiency.

Stern Measures

Mr Manning announced that stern measures would be taken against the ever-increasing number of unauthorised LPG distributors in the country. He said that the problem was receiving the attention of the ministry.

According to Mr Manning, very few of the 1,052 LPG distributors now in operation were authorised. This posed a major threat to the safety of the public. As a result, in the near future the ministry would be calling in distributors to warn them about the consequences of the illegal practice.

He explained that the illegal distribution was "frowned upon" by the ministry.

The possible relocation of existing service stations and construction of new service stations is also to be taken into consideration.

Mr Manning said that a joint team comprising representatives of his ministry and NP had been set up to make a study of the problem. The team will consider every aspect of the situation.

He explained that the study was being undertaken because there has been a significant increase in the number of vehicles on the roads and as a result there is more utilisation of gas.

The Minister said that a freeze on new service stations had been instituted some time before, but this was being reconsidered.

The Energy Ministry will also take "a careful look" at the relationship between NP and service station dealers. This is being done with the intention of reviewing contractual agreements and improving the quality of service to the public.

Speaking specifically about his tour of the NP facilities, Mr Manning indicated that he was impressed by what he had seen. He said he was particularly fascinated by the scale of the operations and especially the lube oil blending facilities which are being modernised.

He described the tour as "very successful."

The annual technical meeting is to be re-convened within the next few days.

More on Gasoline Pricing

Port-of-Spain EXPRESS in English 31 Jan 84 p 3

[Article by Harry Partap]

[Text]

ENERGY and Natural Resources Minister Patrick Manning hinted at a further gasoline price hike yesterday when he urged supporters of the ruling People's National Movement (PNM) to swap their eight cylinder cars for the four cylindner ones "while there is still time."

Manning made the point in an address to the annual convention of the Pointe-a-Pierre constituency of the ruling Peoples National Movmement held at the St John's the Baptist Lodge Hall in Gasparillo on Saturday. He said that gasoline was now sold at \$3.86 per gallon which was still the lowest in the Caribbean.

"The citizens of Trinidad and Tobago will be better advised to make an effort to give up those large cars," Manning said, "if you have an eight cylinder you may be well advised to swap it for a four cylinder."

Manning said that the time may soon be approaching when the motorcar manufacturing industry should consider diesel-powered engines. Gasolene prices increased in 1983 and 1984, as government moved towards reducing subsidies on petroleum products.

Manning said that crude production in Trinidad and Tobago decreased for 189,000 BPD in 1981 to 159,000 BPD in 1983. The minister said that seismic surveys recently concluded throughout the country showed that there was a "substantial petroleum province" in the northern part of the country.

And without elaborating, he said that concessions would be given out "in due course" for drilling activities.

CSO: 3298/476

ECONOMIC PLANNING COMMISSION REJECTS TEXACO PROPOSALS

Port-of-Spain EXPRESS in English 27 Jan 84 p 40

[Text]

THE NATIONAL Economic Planning Commission adopted the general position in its deliberations on the future of the petroleum industry that Texaco Must Go, according to information reaching the EXPRESS.

Sources close to the petroleum sub-committee of the commission which met with major oil companies when the commission huddled late last year, revealed yesterday that the commission recommended to the government that it would be unacceptable to conduct negotiations with Texaco based strictly on what that company was proposing.

It was revealed that the sub-committee concentrated mostly on Texaco in its deliberations.

"Texaco must go," is clearly the position that the committee supported, one source said, in assessing the mood of the commission and the general principles of the recommendations submitted to the Government.

The source said that members of the commission reached consensus on the position that the future of the petroleum industry was "too crucial" to the future development of the country for it to be left in the hands of private foreign owners.

Committee members also held strongly to the position that no sensible government should negotiate for the purchase of "an old refinery" and real estate now held by Texaco Trinidad Incorporated in south Trinidad, the source said.

He added that any

negotiations with the giant multi-national company must, of necessity, incorporate the state's participation in the company's producing fields, saying, however, that Texaco would not be easy to move on this issue.

In this context, the source said, these negotiations had to be approached from the position that Texaco Must Go, a position which he said the Oilfields Workers Trade Union had been advocating for several years now.

Since 1982 Textrin indicated to the Government that it was no longer feasible for the company to continue running its refinery at Pointe-a-Pierre and the company subsequently offered to sell the refin-

ery to government along with its real estate, but not the producing operations.

"But the wealth of the country is contained in the ground, in those producing fields," the source said.

In his 1984 budget speech on January 11, Prime Minister George Chambers said that the government was now in a position to begin formal negotiations with Texaco, after more than 18 months since both sides began meeting in high level discussions on the future of the industry, and Texaco's role in that.

Chambers said then that the planning commission had made "far reaching proposals" on the role and direction of the petroleum industry.

PAPER QUESTIONS GOVERNMENT POSITION IN TEXACO TALKS

Port-of-Spain SUNDAY GUARDIAN in English 5 Feb 84 p 6

[Editorial]

[Text] In his 1984 budget speech in reference to relations with Texaco, the Prime Minister had this to say: "Government recognises that for some years to come the oil industry will remain the backbone of the country's economy and because of its importance to our foreign exchange public revenues, domestic energy security and employment, must be approached with the utmost responsibility."

He added that negotiations with Texaco were to begin and last week the names of those to lead Government's side were announced. It is perhaps significant that heading the team is Mr Dodderidge Alleyne who almost ten years to the day led the negotiations for the takeover of Shell, now Trintoc.

What is the Government seeking to get from Texaco through these negotiations? The so-called "commanding heights of the economy" which the Ben Primus Committee of several years ago was set up to do?

It is reported that Texaco International is about to acquire the Getty Oil Company, bringing to Texaco about 1,200 million barrels of petroleum reserves compared with 1,000 barrels, Texaco is said to have internationally.

Mr Michael Williams in his clear analysis of this Government's involvement with state enterprises has raised the possibility that Texaco might have revamped its worldwide corporate strategy so that this country was downgraded in its priorities.

So what is the Government setting out to do? Reports are that it wants all or nothing at all. The unhappy possibility is that the Texaco deal which may seem so attractive now may soon sour, as embarrassingly as the ISCOTT deal has done and with far greater adverse effects for our economic fate.

In fact it seems we are on the verge of giving up the ISCOTT ghost and are now searching for an international partner. In going after Texaco we might be biting off more than we can chew and storing up greater problems for ourselves in the future.

The one thing that is clear is that the uncertainty must end. The whole question of Texaco is too important to remain pending, for while this is the case the whole south is dying. Supportive industries are retrenching workers and the entire air of uncertainty is bound to have dire consequences for the country.

We call on Government to approach this whole issue with the seriousness which Mr Chambers identified in his remarks. The Government must be guided by the realities of the world situation rather than by political grandstanding. In the final analysis only one question has to be answered: Do we really think we can make Texaco a viable prospect? As the old saying puts it: are we waiting for night to see what is so clear in the light of day?

CSO: 3298/476

TRADE SECRETARIAT DECREES NEW IMPORT REGULATIONS

Buenos Aires LA PRENSA in Spanish 15 Jan 84 sec 3 p 2

[Text] Through Communication "A"-435, the Central Bank regulated deposits having to do with the issue of certificates of sworn declarations of import requirements.

In this connection it is noted that, to be able to get the above-mentioned certificate, importers will first have to prove that--in an amount authorized to operate on the exchange market--they made a deposit in Argentine pesos equivalent to the import duty established on the customs tariff list or which would be due it on the basis of customs duty exemptions granted within the context of international agreements, as well as those granted through special systems, calculated on the basis of the total FOB value shown on the sworn declaration.

Deadlines

The above-mentioned deposit will be automatically released by the authorized agencies upon the expiration of the period of 90 days, starting from the day of their establishment.

These deposits cannot be transferred to third imports or merchandise different from those for which they were established and they are consequently applicable to the specific transaction and to the person in whose name the corresponding certificate is issued.

The funds, in Argentine pesos which the agency received will be temporarily recorded in the "outer deposit" account and will be set aside through the establishment of a minimum amount of 100 percent of said funds.

As for the updating or interest on those deposits, it is noted that the corresponding system will be announced at the proper time.

Regulations

The Commerce Secretariat has come out with the regulations for the import system **while** the National Customs Administration prohibited any reporting of the destination of imports for the consumption of merchandise covered by Annex 1 of Decree 329/83.

For goods not covered by this decree, the presentation of a copy of the certificate of sworn declaration of import requirements is needed; it must be issued in advance through the Secretariat of Commerce.

Likewise, declarations without foreign currency drafts, issued prior to 3 January 1984--which cover goods shipped as of that day, inclusively--will have to be revalidated through the Secretariat of Commerce.

5058

CSO: 3348/257

ECONOMIC MEASURES NO DIFFERENT FROM PAST ONES, SAYS ALSOGARAY

Buenos Aires LA NACION in Spanish 15 Jan 84 sec 3a pp 1-2

[Article by Alvaro C. Alsogaray: "Solutions to the Argentine Problem"]

[Text] The noteworthy result of the 30 October elections resolved two fundamental problems: putting an end to the Peronist regime as a totalitarian mass movement (in the future it might or might not be organized as a political party) and establishing new political bases for getting out of the present crisis and launching the country's recovery.

But ahead of us now is the hard and difficult task of governing, above all in the economic-social field. If we have adequate policies in the effort, our recovery will be faster than what we can imagine today. If, on the other hand, we keep making the mistakes of the past 4 decades all over again, in particular, the mistakes of the past 7 years, then a new and profound crisis, much more dangerous and acute than the earlier ones, will not delay in being precipitated. The only thing is that this time it will not be possible to blame it on "the dictatorship of military governments"; instead, "democracy" will be responsible. The belief that democracy could survive--by virtue of its political strength alone--an economic-social disaster of tremendous proportions, above all if it springs from this super-inflation, is illusory. Somebody, Marxist or national-socialist, in those cases always comes "to put things in order." We must at all costs avoid an outcome of that kind and we fortunately have the possibility of doing so. We cannot fail to exploit that possibility and this is why we must act immediately.

In his 10 December inaugural address to the Legislative Assembly, the nation's president arrived at this same conclusion although he did so probably through a different line of reasoning. He said: "We are all human and fallible but this time we have much less room for error or weakness. We must not fail." I want to emphasize these words and I would like to give them a concrete and temporal content by defining the problem we must solve.

Not Asking the Impossible but Knowing Where We Are Going

Obviously, nobody could ask the administration, a few days after taking office, to solve the crisis it inherited and to satisfy the sector demands and improve everybody's living conditions. Neither this administration, nor any other

administration could, under similar circumstances, attain those objectives on short notice. And I, less than anybody else, since I am familiar with the problem both from my positions in the government and from the political arena, would make any demands of that kind. But public opinion does have a right to ask the government clearly to define the direction we are going to follow. What has been done so far does not enable us to see this clearly. We continue to drift, exactly the same way we did before 30 October and 10 December. Let me stress once again: This is not a question to the effect that the problem should already be resolved; what we are dealing with here is that somebody should tell us what the overall and general plan is, the plan they are thinking of adopting in order to solve those problems. That does not take much time; it suffices to have the necessary knowledge, clear ideas, and a firm determination to fight against the slogans, the false premises, and the interest groups.

Neither Policies, nor Ideologies but a Practical Approach to Problems

I do not want to state the alternatives we face in ideological and political terms. For example, I do not want to become involved in a discussion about whether we are going to continue the policy of running the economy through the government, an inflationary policy, the policy of the past 40 years, or whether we are going to move toward a free-enterprise economy based on economic balance, monetary stability, and the free manifestation of individual energies. Although this is the crucial option we face and although, expressed in these terms, it should be sufficient at least in the field of specialists and managers to discuss the problem, I prefer to state that problem in practical terms and within the reach of any person with an average degree of information. To do that, I am referring only to two points which are closely inter-related but which must be taken up separately: The foreign debt and the deficit of the public sector. These two problems involve practically all of the others.

The Foreign Debt

The "recorded" foreign debt should at this time come to between \$40,000 million and \$44,000 million. There may be some adjustments and there may be some "unrecorded" debt which would raise that figure. We cannot for many years go on paying that debt; we must constantly refinance it. But the problem does not lie there; instead, it has to do with interest payments. This payment is essential so that creditors will accept that refinancing and furthermore so as not to interrupt the flow of the country's foreign trade and particularly imports which sustain the country's industry and maintain our employment level. The idea of replacing imports with domestically produced items in order "to save foreign exchange," in the way in which we have been doing this for more than 40 years, is antieconomical and scientifically indefensible; the more we try to push that substitution in the "developmentist" style, the more foreign currency will we need to import what we require for our ordinary, everyday production, without that output being able to generate that foreign currency income. Therefore, our only alternative is to pay the interest with the funds that are really within our reach. To do that, we either apply for new loans abroad or we export more to get a surplus in our balance of

trade. If we do not achieve this export output increase, which would earn more foreign currency for us, then we will have to reduce our indispensable imports and we would further have to lower the already precarious living standard of the population. This means dooming the country to greater regression and the Argentine people to living obscurely, well below their possibilities.

Having looked at this statistical analysis, we can see that we must pay around \$5,400 million in interest per year and that we should, all in all, export approximately \$9,000 million. In other words, 60 percent of the country's exports must be set aside to pay nothing more than the interest; that leaves us only \$3,600 million to import essential goods. This import level is much below the \$8,000 million figure we need to attain the economic activity level to which we are accustomed and which is necessary to reduce unemployment and it is still below the level of \$6,000 million which we import this year. If we maintain this latter import level, which is certainly insufficient, we may perhaps achieve a surplus in our balance of trade on the order of \$3,000 million. So, to pay \$5,400 million in interest for 1984, we would then still be short \$2,400 million which we would have to get by applying for loans from abroad, thus increasing our indebtedness, if we indeed do get those loans.

Public Sector's Size and Deficit

The national community, and in particular, the Argentine state, are spending much more than private enterprise produces (and I am talking here only about it because the state does not produce anything). This means that we keep piling up growing deficits which create inflation since they are financed through the issue of money. Leaving aside the surpluses of individuals (because, in a real market economy, they are neutralized by themselves alone), we are left with the tremendous problem of the size of the state and its deficit. Here is the crux of the question. The Argentine state is absurdly overdimensioned and its deficits reach figures which, under present conditions, are insupportable. Therefore, we either solve the twin problem of the state's elephantiasis, with its subsequent deficits, or Argentina will be doomed to being a third-ranking country, with little probability of surviving as a relatively free organized community. I would like to prove what I said with a few figures that express what was pointed out in the preceding paragraphs.

1. The Argentine State's total deficit, which the new authorities gave at 14 percent of the GDP, in reality amounts to 23.30 percent of that product.

Here is the breakdown:

	Millions of Argentine Pesos	% of GDP
Credit from Central Bank to National Government (Money issue)	133,00	13.5
Monetary adjustment account	57,000	5.8
Public Debt interest	40,000	4.0
	<u>230,000</u>	<u>23.3</u>

In other words, the state has a total deficit on the order of 230,000 million pesos, at this time equivalent to \$10,000 million, and that deficit keeps growing constantly. This is a fundamental aspect of the problem which the government must face and solve.

2. Potential deficits. In addition to that actual total deficit, there are other potential deficits which, in the short run, will become quite evident. The most important ones are as follows:

The delay in rates and prices for goods and services taken care of by the state. Either these prices and rates go up or the deficit of those enterprises--and, in the end, the total deficit--will grow.

The liabilities of a good number of banks and of almost all of the big government enterprises which will have to be taken care of by the state, naturally by issuing money. Debts of the YPF [Government Oil Deposits] have already been "written off" (although that fact has been hidden under the term "capitalization"). The same is true of HIPASAM [Expansion unknown], the National Mortgage Bank, the National Atomic Energy Commission, and other similar agencies for considerably more than 60,000 million pesos (approximately \$3,000 million); but other "rescue operations" remain yet to be carried and they will considerably raise that sum.

State enterprises already owe \$13,000 million and, in most cases, they cannot pay the installments and the interest. Since the state is the guarantor of those loans, as these installments fall due, it will have to take care of the payments. Those payments do not show up in the national budget (they are outside the budget) but they must somehow be made.

From January of this **year** onward the Treasurer has been postponing payments for expenditures already made (unpaid orders). That situation will have to be straightened out on short notice. There are other deficits of the same kind (interest) differences in the exchange rate, endorsements and guarantees, etc., which will soon come out into the open and which, along with those already known will help understand the problem.

3. The effort to be made. The important thing therefore is to eliminate or least substantially reduce a deficit which, at best, at the end of 1983, came to 230,000 million pesos and which soon will rise to even more. How are we to reduce the deficit? That is the big question. Argentina's future for many years to come will depend on the way in which we approach this issue.

4. Alternatives arising from the deficit. Obviously, under present circumstances, it is impossible to "squeeze" private enterprise more so as to get it to come up with the funds necessary to finance the deficit. A tax reform was recently sent to Congress (representing 60 percent of what one thinks might be implemented in fact); the revenue from that reform, according to the minister of economy, could, at best, come to a net figure of 30,000 million pesos per year. If the total deficit is 230,000 million and if it is reduced to 30,000 million through taxation, thus exhausting the tax payment capacity and taking incentives away from investments, it is evident that we would still

have a difference of 200,000 million pesos. What are we to do with that? This again brings us to the dilemma which we face in the case of the foreign debt: Either we greatly step up private-sector economic activities so that private individuals will be able to pay more in the form of taxes, duties, and contributions, or that burden of 200,000 million pesos will have a heavy inflationary effect on the Argentine people, causing it intolerable hardships.

The Real Solution

Both problems--the foreign debt and the domestic deficit--lead to one and the same dilemma: Expanding the economy by simultaneously reducing expenditures or compression economic activities even more so as to pay the deficits. "By saving at the price of the hunger and thirst of the Argentine people." With things stated in these terms, it does not seem that there could be any doubt as to the advisability of expanding the economy.

However, in practice, high government officials are far from preferring this route. For the time being, their action only leads to reducing economic activities even further even though they proclaim the intention of reviving the economy. We will see very soon that this revival, based on inflationary devices, is fictitious and it is most probable that this will lead to superinflation, with all of its tragic consequences, such as paralysis, unemployment, and finally social disintegration.

The key to economic expansion and, by the same token, the key to the solution of the major portion of the country's problems resides in a return of Argentine capital currently abroad and in the influx of foreign capital, to be invested freely in the four major areas: Development of energy and mining; increase in farm output, primarily through intensive use of fertilizer and agricultural chemical products through assurance for 3 years in case of loss of said investments; impetus for industrial sectors capable of exporting at international prices and the operation of certain public services currently in the hands of the state. The three first lines of action can increase the country's exports by more than \$5,000 million per year, starting as of the third year, simultaneously stepping up economic activities and increasing employment. The fourth one will relieve the state of a good part of its deficit. The capital influx will, from the first moment on, alleviate the balance of payments and will dramatically bring down the interest rate, thus encouraging investments. But we need two intimately interrelated things to achieve that. Here they are:

(a) Bring about a "shock" of confidence which will trigger this capital movement;

(b) Bring about a total transformation of the economic system, among other things, in order to open up to private capital certain activities which today are monopolized by the state. This transformation will have to begin with a complete change in the mentality of both political and economic leaders. Simultaneously, public opinion must be won over to that change.

There is no prescription for the first point--the "shock" of confidence. However, an overall plan could be prepared which, if properly explained, would

help bring about that "shock." The total transformation involved in the second factor--which is decisive for the "shock of confidence"--on the other hand is within the reach of any administration that is prepared to take action. All of that boils down to a question of really wanting to carry it out.

Bad Start and Limited Time Available for Definitions

The administration's start in economic matters has definitely been bad. The administration acted as if it were living in a building whose foundations have been undermined and are threatening to crumble; instead of shoring those foundations up, it seems that we are merely shuffling furniture around the rooms. Price controls are the worst of the measures taken. This means repeating mistakes that were made so many times in the past, mistakes that always ended in complete failure. This is the piece that was missing so that total "government control" would prevail in the economy and that piece has been secured. If we abandon it quickly, it will have been useless, it will have worked against all favorable expectations that existed, it will have removed the possibilities of achieving the "shock of confidence" and it will have distorted the economy even further, with serious damage to effective and productive enterprises and to the population in general. If it is maintained "to the extreme," it will signify the first step toward a new totalitarianism.

Everything else "is as before": Small wage hikes, increases in rates, daily devaluations of the peso, controls of all kinds, higher taxes and higher expenditures; in a word, everything is the same. There is no difference between the economic moves of the past, especially of last year, and the current ones, which to a great extent reflect the plan of the "multiparty" establishment. But what is worse is that there is no indication whatsoever that a real and fundamental change will come about or will at least be announced. And it is in this respect that time is running out. I believe that the deadline is next March, when the new budget has been sent to Congress, as promised. On that day we will know what awaits us and where we are headed.

5058

CSO: 3348/257

FOREIGN MINISTER CAPUTO ADDRESSES BILATERAL ISSUES

Buenos Aires LA NACION in Spanish 12 Jan 84 p 4

[Text] La Paz (DPA)--Argentine Foreign Minister Dante Caputo announced in La Paz that the government of President Alfonsin is studying a reduction in the number of military attaches that are currently stationed in Central American countries.

Caputo made these statements at the local airport, where he was making a connection on his trip to Quito. He is going there to participate in the Latin American conference that is being held in the Ecuadorean capital.

The chief of Argentine diplomacy said that with the installation of democratic government in his country, arms sales to central America have been cancelled and also, military advisors operating in that turbulent region, particularly in El Salvador, have been withdrawn.

The Falklands

When questioned about the conflict in the Falklands Islands, which Argentina claims although they are currently under British control, Foreign Minister Caputo said that President Alfonsin's government will attempt to find a diplomatic solution.

"There can be no other path except for negotiations at that level (diplomatic) and accordingly, the support of the international community will be sought," said Caputo.

Foreign Debt

Referring to the Argentine position in the Latin American economic conference in Quito, Caputo stated that his country does not believe the plan for joint re-negotiation of the foreign debt by the countries of the region is the most appropriate.

He explained that the balance of payments and the commercial balance in the countries of the continent are different, as is the origin of the foreign debt. For this reason, the Argentine Government believes that bilateral negotiations in this area would be much more advantageous.

12351

CSO: 3348/203

DEFENSE SPOKESMAN ON ARMED FORCES STRUCTURAL REFORMS

Buenos Aires LA NACION in Spanish 7 Jan 84 p 4

[Text] "The first stage of the transformation of the Argentine Armed Forces is already complete. It was necessarily rapid and was done strictly in accordance with the overall political concept of defense held by the Radicals. The next stage will be much slower and will include changes in antiquated concepts, some of which are deeply rooted in the military ideology of our country." This statement was presented to LA NACION by a spokesman for the Ministry of Defense.

He explained that the reduction in the high command of the three armed forces has not been a capricious, sensationalist or "quick fix" position taken by the constitutional government. "As you will see further down the road, the cuts and modifications are part of the modernization of our national defense scheme, which is the product of our own and other experiences," stated the spokesman.

The new scheme, he said, would rank political concepts above defense, contrary to what has been done in favor of the tripartite militarism of the armed forces. The difficult experience in the Falkland Islands clearly demonstrated, as Carl von Clausewitz said, that "war is an instance of politics, cruel, but politics nonetheless, and that the anarchic conduct of armed conflict could have no end except military defeat."

Restructuring

The president of the nation, who is the supreme commander of the armed forces, is now responsible for an impressive accumulation of tasks. Until the recent restructuring of the three forces, these tasks were entrusted to a real army of high-ranking officers. Many of these functions are strictly administrative and, through the Ministry of Defense, they are being returned to the barracks. "For example, at present, to get married, an officer has to ask for permission from the president," said the spokesman.

The absolute political power of the president over the military is so complex that he must necessarily delegate those functions to the minister of defense. He, in turn, must delegate functions to the four secretaries of the ministry, and they are already assigning functions to the new military cadres.

"But that is just bureaucracy," commented the spokesman. What will begin now is the stage of truly restructuring our geopolitical reality and our position on defense and security, in that order and not the reverse, as was the case until less than a month ago.

And if, in the meantime, we were to be attacked by surprise by a foreign power, would we be able to respond militarily? This was the inevitable question.

"Without any doubt," affirmed the source. "The restructuring of our defense system does not mean we are going to completely disarm ourselves and think about how to rearm later on. The changes will be," he stressed insistently, "conceptual and based on our reality; on what we have and not on what we lack."

Deterrent Force

"For example," he explained, "no one doubts that, hypothetically speaking, Patagonia is our Achilles heel. Most of our international conflicts have taken place there and, for now, there are no signs that this will not continue to be the case in the medium term. It is no accident that the first step in the restructuring of our defense system is concentrating its efforts on Patagonia."

In fact, that is where the new doctrine of the Joint Chiefs of Staff of the armed forces will take effect. The army, through the now strategic Corps V, the navy, with its naval forces in Puerto Belgrano, and the air force, probably with the restructuring of the Comodoro Rivadavia brigade and its tactical bases in other parts of the southern provinces, will make up a joint deterrent force, which will be highly technological and, it is expected, convincing and effective, with a single command.

"Until a short time ago, each force had a different-style shirt for conscripts, and from then on each one tried to be absolutely different from the others, with well-known consequences," explained the spokesman.

Subsequently, the Joint Chiefs of Staff will coordinate their military power in order to optimize our deterrent force. Each military branch will work in accordance with this precept.

There are several matters still to be debated from the electoral platform supported by the current government: mandatory military service and the restructuring of military intelligence, for example. "These are very complex topics that will require much study, prudence and a realism absolutely void of illusions," reflected the spokesman.

12351

CSO: 3348/203

MILITARY INDUSTRIES TO COME UNDER DEFENSE MINISTRY

Buenos Aires LA NACION in Spanish 24 Dec 83 p 1

[Text] The executive branch ordered the transfer of the capital stock of companies controlled by the armed forces to the Ministry of Defense. The General Directorate of Military Construction and the COVIARA company, which builds housing for armed forces personnel, will also be transferred to the authority of the armed forces.

The provisions stated that the following transfers should be made to the Ministry of Defense: "All the capital stock of properties of the national government, corresponding to stock corporations, in which the government holds a majority interest, state corporations, corporations and semipublic enterprises whose ownership, holding or possession is conferred by the armed forces and agencies or departments under the jurisdiction of the aforementioned ministry."

In regard to the transfer of the COVIARA (Housing Cooperative for the Armed Forces) housing construction company, the decree stipulates that the Ministry of Defense shall propose the designation of the directors to the executive branch.

The information supplied by the General Press Directorate of the Secretariat of Public Information does not give the number of the relevant decree and mentions only the provisions of articles 1, 3 and 5 of the legal document.

Military Constructions

Military Constructions is the largest industrial group in the country and its establishment dates back to 1941.

Currently it holds partial or complete interest in 22 factories and it includes 3 semipublic enterprises: SOMISA [Argentine Iron and Steel Joint Association], Atanor and Carboquímica. It also includes five stock corporations: Petroquímica Bahía Blanca, Ohler Steel, Petroquímica General Mosconi, State Shipyards and Naval Factories (AFNE) and Hipasam. Furthermore, it controls 14 factories for light weapons, armaments in general, explosives, military communications and equipment, chemical products, the Capillitas mining company and the Pirane and Altos Hornos Zapla forest center.

Studies on Privatization

A study was done last year on the privatization of some of the plants that belong to Military Constructions, but no conclusion was reached.

Its numerous assets, which will now come under the authority of the Ministry of Defense, including for example, 99 percent of stocks of SOMISA, the largest steel mill in the country.

Its influence on the national economy has been questioned at times, as has its competitiveness in the private sector. But it has also been said that it was a driving force in activities that at certain times were not very profitable.

Influence on the Economy

Military Constructions is, without doubt, the most important of the companies that will come under the authority of the Ministry of Defense. This measure will put an end to the arguments caused by the various ups and downs that have occurred in its economy as well as to the arguments about its influence in the sector, which touches the entire industrial complex.

12351

CSO: 3348/203

PROPOSED JOINT MANEUVERS TO FOSTER ARMED FORCES UNITY

Buenos Aires LA PRENSA in Spanish 23 Jan 84 p 5

[Excerpts] The Ministry of Defense plans to set up an important instruction and training operation before the end of the year with the participation of the 3 services, a ministry source has revealed.

The operation, which because of its characteristics has no precedent in recent years, is in line with the government's policy of providing the armed forces with an effective joint doctrine. It may take place in the south.

The source explained that, in conjunction with this, priority is being given to military planning by the Joint Chiefs of Staff, headed by Gen Julio Fernandez Torres, who would be chief of the armed forces in the event of conflict.

The source added that the chiefs of the general staffs of the Army, Navy, and Air Force have been requested to assign their best officers to that command.

Inertia Persists

The source admitted in this regard that there is still a certain resistance within the services and a persistent inertia resulting from the deep differences of opinion that emerged during the Falklands War and the role played by the Joint Chiefs of Staff therein.

The source stressed that "it will be necessary to struggle towards the unity of the armed forces, and under the present circumstances that can only be done by someone from outside, such as a civilian minister."

On another subject, the official pointed out that the preparation of the military budget will depend on strategic concepts and will be based in large measure on progress made by the foreign office in negotiating solutions to such problems as the Beagle Channel and Falkland Islands disputes.

Cost Reductions

Military specialists consulted by NOTICIAS ARGENTINAS confirmed that cost reductions resulting from changes in strategic concepts could quickly prove to be more significant than those derived from lowering the number of conscripts.

The Ministry of Defense source also explained that plans for equipping the services which were under way when this administration assumed power could not be modified arbitrarily.

He pointed out in this connection that there were contractual commitments, and that in some cases it would be more expensive to suspend them than to continue them.

As a general rule, efforts are being made to stretch out delivery and payment times for material contracted for while seeking additional financing across the board.

9015

CSO: 3348/234

ARMED FORCES TO RETAIN CONTROL OF SELECTED ENTERPRISES

Buenos Aires LA PRENSA in Spanish 23 Jan 84 p 5

[Text] The present situation and the future of the enterprises long under the control of the armed forces and those in which they have financial interests have been studied at the highest level of government in the context of a meeting between President Raul Alfonsin and Defense Minister Raul Borrás, about which we reported at the time.

Background

An executive decree ordered the transfer of those enterprises to the jurisdiction of the Ministry of Defense, but the identity of the companies affected by that measure was not divulged.

Private sources estimated there were around 60 enterprises and organizations of various kinds under the control of the armed forces or in which the latter owned shares.

A qualified military spokesman told NOTICIAS ARGENTINAS that there were doubts within the general staffs and the Ministry of Defense at present about the wisdom of keeping firms devoted specifically to the production of military equipment or explosives under military jurisdiction or anyone connected with the military.

Twelve Enterprises

These "purely military" firms are 12 in number, and they are as follows: Rio Tercero Military Factory, Domingo Matheu Light Weapons Military Factory, Fray Luis Beltrán Military Factory, General San Martín Military Factory, Villa María Military Powder and Explosives Factory, San Francisco Military Factory, Pyrotechnic Materials Military Factory, Military Aircraft Factory, Military Tank Factory, Azul Naval Explosives Factory (FANAZUL), Naval Submarine Factory, and Naval Torpedo Factory.

Thirty-two Other Cases

In addition to those in the above list, there are 32 firms "not exclusively military," 4 services, and 6 organizations of the government under military control.

To these should be added 7 other private firms in which Fabricaciones Militares or the armed forces themselves hold minority interests.

The government has already begun to replace the traditional military management of some public agencies, such as the National Atomic Energy Commission and others.

During successive military governments many high ranking officers of the 3 services were naturally named to head the communications, energy, and other companies as the doctrine of national security spread to the running of public enterprises.

Special Cases

The government can readily change the situation in the agencies or companies where military authorities operated in jurisdictions outside of the armed forces by simply naming civilian replacements. The problem is much more complicated in the numerous and very diversified enterprises that belong to the armed forces, which range from a powerful housing company, such as COVIARA, of the Navy, to microfilm and printing services offered by the Army, and to lumber operation, with a predominant position in the steel industry and important petrochemical interests.

The government has stressed the need to reduce the military budget within the framework of a policy of containment of public spending and a reduction of the fiscal deficit.

Preliminary Analysis

Preliminary analysis shows that it will be difficult to obtain spectacular results in the area of military expenditures because personnel costs absorb an enormous proportion of available funds.

However, efforts will be made to energetically prune the corporate ramifications the armed forces have built up, which in many cases have received important allocations listed in the budget under the item "Development of the Economy."

In this regard it could be decided in a relatively short time to liquidate the shares owned by Fabricaciones Militares, the armed forces, or the Ministry of Defense in Atanor, Polisur, Monomeros Vinilicos, Induclor, ALUAR, Petropol, and Sociedad Mixta Para el Desarrollo De La Tecnologia Acuatica (NA).

9015

CS0: 3348/234

CENTRAL BANK PRESIDENT DENIES PRESS COMMENTS ON DEBT

Buenos Aires LA PRENSA in Spanish 16 Jan 84 p 3

[Text] Central Bank President Enrique Garcia Vazquez denied that the foreign debt--estimated at a little more than \$43,000 million--recently grew by \$3,000 million or \$4,000 million.

He also denied knowing about the existence of a secret report from the Finance Palace which would indicate that, at the end of December and early in January, there were definite symptoms as to a decline in economic activities. He also said that he had no information on statistics released by the auto assembly plants indicating a decline of 30 percent in December sales compared to the November 1983 and December 1982 figures.

At any rate, he said that "that seems strange to me" regarding this last topic.

Financial System

He also said that there is no truth to the rumor according to which President Raul Alfonsin issued a strict order to the Central Bank to finish, within 15 days, the financial system which will replace the system of former Economy Minister Jose Alfredo Martinez de Hoz.

Newspaper stories maintained that a well-known part-time advisor to President Alfonsin--who is not identified--expressed concern and surprise because doubt had arisen and had been shared by the Central Bank regarding the real amount of the foreign debt. The report added that it is feared that the country's indebtedness exceeds the latest calculations by \$3,000 million \$4,000 million; three reasons were given for this: (A) Defective collection of data during the term of office of the military government; (B) Obstacles in getting access to documentation; and (C) "systematic destruction of sources."

Hotheads

In this respect, the president of the Central Bank pointed out that the statistics to which he made reference last week before the economy committee and the finance committee of the Chamber of Deputies--approximately \$43,600 million--pertained to the situation as of 31 December 1982.

Concerning the growth of the foreign debt in 1983, he said that "we are working on that" and this is why any figure given now is the product of "speculation by hotheads for the summer."

ENAF OFFICIALS CONCERNED OVER COMIBOL'S MINERAL EXPORTS

La Paz PRESENCIA in Spanish 7 Jan 84 p 7

[Text] Oruro--Oruro will ask the government to annul the supreme decree which authorizes the Bolivian Mining Corporation to sell abroad tin concentrates intended for Vinto Metallurgical Complex, since they are needed as raw materials for tin smelting operations.

The decision was made last night at a meeting convened by Carlos Barragan Vargas and Erasmo Perez Victorias, members of parliament from Oruro, and attended by representatives of civic and neighborhood organizations, the rector of the Technical University of Oruro, the president of the Oruro Development Corporation, and executives from the National Smelting Enterprise (ENAF).

During the meeting, the participants said that selling these tin concentrates would deal a serious blow to ENAF's production plans and would be harmful to the economic interests of the department and the country.

A Temporary Economic Measure

Jorge Calvimontes, general manager of ENAF, pointed out, however, that the supreme decree being contested is a temporary economic measure designed to salvage COMIBOL's economic situation. He said that ENAF's production rates are normal and prospects are optimistic. He added that, initially, there was an agreement with COMIBOL executives that no more than 2,000 tons of ore would be exported.

Other ENAF executives pointed out that it would be all right to sell stockpiled tin concentrates, but not the future output, because that would deprive the foundries of the raw material. ENAF is planning to produce 25,000 tons of tin this fiscal year.

Opposition

Meanwhile, metalworkers said that they would not allow "even one gram of the ore" to leave the Vinto warehouses. ENAF executives expressed their concern that ore exports could affect the future business of ENAF.

Ore Paid For

Previously, ENAF General Manager Jorge Calvimontes told the press that the Bolivian Mining Corporation had been fully paid for the tin concentrates stored in Vinto. He added that these concentrates were supposed to be processed during January and February of this year.

He said that exports of concentrates were approved by the government as an emergency measure and that they would involve the January and February production of the nationalized mines. He said that, later on, COMIBOL guaranteed regular deliveries to ENAF.

Support

Meanwhile, according to information arriving from Huanuni, the country's main tin center, the export of concentrates by COMIBOL has the support of the workers in that district. The report indicates that the secretary general of the Huanuni mining union, Juan Hoyos Velazquez, said that the marketing of ore by COMIBOL would be beneficial, "because in this way COMIBOL, which provides jobs for 27,000 workers, could deal with the situation of total disaster facing it."

9805

CSO: 3348/246

BRIEFS

MINE SHUTDOWN--Oruro. Because of a shortage of money and operating equipment, various sections of the San Jose mine were closed down yesterday, according to a report by the executive secretary of the labor union for this subsidiary of the Bolivian Mining Corporation (COMIBOL). Daniel Ordonez Plaza, who had been constantly requesting equipment, funds, tools and materials for San Jose, said that the last supplies of ammonium nitrate, used in explosives, were depleted yesterday, paralyzing work in many sections of the interior mine. He called the situation of the enterprise desperate, because of the shortage of investments, apart from the chronic shortage of basic foodstuffs in the general stores. He repeated that union leaders have for some time been asking for these materials and food, but with no response. This shows, he said, that the workers' efforts to improve the enterprise's production and make it more profitable are in vain. Ordonez reported that yesterday long meetings were held with executives of the enterprise in an attempt to find a solution to these problems, on the understanding that production cannot be shut down for long. He also said that at Itos in San Jose and La Colorada, there is a water shortage, because of defects in the old pumps being used. He indicated that the workers are concerned over these problems which, if allowed to persist, could lead to drastic action that would force COMIBOL executives to find immediate solutions. [Text] [La Paz PRESENCIA in Spanish 20 Jan 84 p 6] 9805

VOLATILIZATION PLANT PROJECT--The Bolivian Mining Corporation (COMIBOL) will resume its work on the tin volatilization plant in Machacamarca. It will also take steps to renegotiate the terms of the original contract with the Soviet enterprise, Machinoexport. COMIBOL's board of directors authorized management to adopt measures to implement both decisions. The Machacamarca project currently has an 80 percent advance. COMIBOL was informed that Machinoexport sent to Bolivia part of the equipment and machinery valued at about \$30 million. This equipment is already in Machacamarca. The board recommended to the management that, in negotiations with the Soviet enterprise, it provide technical details on the need to make some changes in the volatilization process. The Mining Corporation will insist on these technical modifications, which are the result of trial observations of operations at the La Palca volatilization plant in Potosi. The volatilization plant will treat low-grade tin concentrates. It will have two furnaces, each with the capacity to treat a 200-ton load daily for a total of 400 tons a day. With this treatment capacity, the Machacamarca plant will produce 4,000 fine metric tons of tin, which guarantees that the project will be profitable and that it will help in

the recovery of very poor grade tin ores. The Bolivian Mining Corporation will at the same time implement projects to produce concentrates that will guarantee a regular supply to the new plant. [Text] [La Paz PRESENCIA in Spanish 8 Jan 84 p 1] 9805

TIN PRODUCTION--A structure to be inaugurated today in the Potosi Unified Mining Enterprise will make possible the extraction of 200,000 tons daily. This volume will increase the enterprise's regular output. Moreover, all of it will go to the Volatilization Plant at La Palca, located some 20 kilometers from the city of Potosi, where it will be treated to obtain fine tin. The nationalized enterprise's report indicates that this frame called "Bolivar," will be inaugurated at a ceremony to be held today and attended by COMIBOL executives and leaders of the [Trade Union] Federation of Bolivian Mineworkers (FSTMB). They explained that the frame has a winch with a carrying capacity of 360,000 tons in 12 hours. "With this new frame, the Potosi Enterprise will boost its production. It is estimated that with the frame to be inaugurated, and the so-called Central we had previously, we can extract 200,000 tons of tin ore a day," according to the report. This year the enterprise has been assigned an output of 54,000 dry tons of preconcentrated tin with an average fineness of 3.15 percent. With the volatilization plant at La Palca, about 1,726 metric tons of fine tin will be obtained. The new equipment will make it possible to increase this output, which justifies its construction. It will require an investment of \$600,000, including the winch. The report indicated finally that in the area of the Pallaviri preconcentrator (Potosi hill), a movie theater with modern equipment will be inaugurated. [Text] [La Paz HOY in Spanish 14 Jan 84 p 2] 9805

CSO: 3348/246

BRAZIL-ARGENTINA LETTER OF INTENT, PRESIDENTIAL MEETING DISCUSSED

Letter of Intent

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Feb 84 p 22

[Text] Brasilia--The governments of Brazil and Argentina signed a four-point letter of intent in the Foreign Ministry yesterday to promote economic and trade cooperation. During the ceremony, Minister Saraiva Guerreiro pledged that the relations between the two countries will be maintained at the current excellent level of dialogue, whoever might be the new president of Brazil.

Brazil and Argentina are going to devote themselves to increasing bilateral exchange "on a harmonious and reciprocal basis," seeking to negotiate the elimination of restrictions of a tariff or nontariff nature. A meeting of the Special Commission on Brazilian-Argentine Coordination (CEBAC) will be convened "at the opportune time." To hasten that meeting, preliminary meetings will be held on topics of bilateral, regional and world interest.

Brazil and Argentina are also going to convene the taskforce on economic cooperation to foster exchange, "particularly at the business level." The conclusions of that taskforce will be submitted to the consideration of CEBAC. During an initial minimum period of 12 months, Brazilian and Argentine officials will concentrate "especially" on the study and implementation of measures to improve the exchange. They will also try to create initiatives to take coordinated action in international forums and in third markets.

The letter of intent states that a broad examination of the international economic situation as well as the national economic situation of the two countries was held during the visits of the secretary of commerce, Ricardo Campero, and the deputy secretary of economic affairs of San Martin Palace, Jorge Romero.

Continuity

Speaking at the signing ceremony of the protocol, Foreign Minister Saraiva Guerreiro pledged that Brazil intends to maintain the good relations with Argentina unchanged: "I am certain that this country, Brazil, even a year from now, with whatever other government may emerge, will hold the practical

importance, the political importance, of the relationship with Argentina in the highest regard."

Guerreiro admonished: "Let us not, neither one nor the other, let ourselves be swayed by the natural tension in which the world situation places us; and let us not let ourselves be swayed also by the absolutely natural pressures, especially in countries that seek to be, whose objective is and, more and more, will be--democratic countries. This is a continuous process; it is not a magic step. We are aware of that and it is normal that we will always have sectorial pressures. But it is the responsibility and, necessarily, the gratification of those in charge at the present juncture to think of future generations."

The Argentine secretary of commerce, Ricardo Campero, said that the new relationship between Brazil and Argentina "was the offspring of the economic crisis." He advocated a new and fair world economic order.

Delfim

On receiving Secretary Ricardo Campero yesterday, Planning Minister Delfim Netto presented a review of the Brazilian economy and listened to a similar one about the Argentine economy. At the end, they discovered several points of coincidence in the crises of the two countries: especially in regard to points such as the high foreign debt, in the process of being refinanced, and the runaway inflation which needs to be contained.

Campero and Delfim discussed the possibilities of expanding the flow of trade between the two countries, dwelling on observations regarding the elimination of nontariff restrictions which are related to the exchange crisis that the two countries are traversing, especially since September 1982.

The reactivation of the Special Commission on Brazilian-Argentine Coordination (CEBAC), which will meet alternately in Brasilia and Buenos Aires, was agreed upon, as well as continuity of operation of the informal taskforce with its activity directed more toward cooperation in the business field.

Argentine Pragmatic Position

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Feb 84 p 22

[Report by correspondent Hugo Martinez]

[Text] Buenos Aires--In a meeting with high-ranking officials of the Argentine Government in Brasilia yesterday, Brazilian Foreign Minister Saraiva Guerreiro, signed a letter of intent aimed at reactivating trade relations between the two countries. "For Argentina, it responds to the need to expand bilateral trade relations, extending them to political relations in accordance with the new philosophy adopted by the administration of Alfonsin," a high-ranking Buenos Aires diplomatic source told ESTADO.

The satisfaction of the deputy secretary of international economic relations, Jorge Romero, and the secretary of commerce, Ricardo Campero, was particularly apparent in view of the repercussion of the meetings held in Brasilia. Together and separately, they had talks at the highest levels of Planalto Palace and the Foreign Ministry.

The protocol fosters the growth of "harmonious and reciprocal bilateral trade," respecting international commitments and the domestic legislation of each country. It also envisages joint operations in third markets and reactivates the Special Commission on Brazilian-Argentine Coordination (CEBAC), which has not been in operation since 1979.

Trade between the two countries once exceeded \$1.5 billion but then declined due to the economic crisis in both Brazil and Argentina which affected foreign sales. Along with the task of revitalizing foreign exchange, the Argentine officials considered topics designed especially to explain the major guidelines of President Alfonsin's domestic and foreign policies.

Argentina believes it has detected some concern on the part of the Brazilian Government with regard to the "radiation of democracy" but Argentine officials hold a pragmatic position in that regard which will not affect the special relations that bind it to Brazil. Proof of that was the immediate denial of the would-be representative of the Argentine Government at the Curitiba rally.

The Argentine officials will try to stimulate trade and political relations, giving guarantees of absolute respect for the domestic decisions of Brazil.

The visit was considered preliminary to the meeting between Presidents Figueiredo and Alfonsin, a dialogue which had been expected soon but which may be delayed relatively to allow time for the activities of CEBAC, which will meet in Buenos Aires in March.

Presidents' Meeting May Be Advanced

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jan 84 p 5

[Text] Brasilia--President Joao Figueiredo is studying with Minister Saraiva Guerreiro the possibility of advancing to February the meeting with Argentine President Raul Alfonsin, originally scheduled for April. Only yesterday, the president and foreign minister met to study the subject.

The common objective of the decision to advance the meeting is to show that relations between Brazil and Argentina must be maintained at a good level whatever may be the political regime in Buenos Aires or Brasilia. The Argentine political process is undergoing a broad transformation. The Brazilian Government had been maintaining an excellent dialogue with the Argentine military regime established in 1976 with the overthrow of Juan Peron's widow. It was during that period that the two countries removed the only real obstacle that impeded their relations: the problem of Itaipu and Corpus. With the tripartite agreement (which included Paraguay) to reconcile the two hydroelectric plants, the dialogue between Brazil and Argentina was

normalized. The return of civilian power to the neighboring country through direct elections opens up a new institutional cycle in Buenos Aires and represents a challenge to the new era in bilateral relations.

It is Argentina's desire shared by the Brazilian Government that President Figueiredo be one of the first leaders of friendly countries to make contact with the new president of Argentina. The political process in that country has caused concern among the Brazilian military. They fear that if an opposition party gains Planalto Palace, the same process of hunting the military that Argentina is going through may be unleashed.

The Alfonsin-Figueiredo meeting would also permit a broad and direct clarification regarding the true goals of the Argentine political process. Alfonsin could directly assure the Brazilian president that it is not his intention or that of his government to demoralize the armed forces but to purify them, maintaining them as national institutions essential to Argentine life. Alfonsin will deny that a premediated persecution of the military is underway. What exists is the idea of punishing those who committed excesses in the so-called "dirty war," that is, the fight against terrorism beginning in 1976. The new president could point out that this process does not make any distinction between civilians and military and if the latter are being summoned in larger numbers to the courts, it is because they led the repressive system since the regime was a military one. Alfonsin will also be in a position to remind Figueiredo that he resisted the pressures of the Peronistas to bring up before civilian courts militarymen involved in abuses.

Meeting

A technical problem will practically determine that the meeting between Figueiredo and Alfonsin be held in Brazil because with the recess of congress, the Brazilian president will not be in a position to obtain authorization to travel abroad before 1 March.

8711

CSO: 3342/65

CHARLES DENIES COUNTRY IS FORMING 'SECRET ARMY'

Port-of-Spain TRINIDAD GUARDIAN in English 30 Jan 30 84 p 5

[Text]

ROSEAU, Sun., (AP):

DOMINICA'S Prime Minister, Eugenia Charles, said yesterday that her country was not forming any secret army, but rather training policemen to repel any surprise attack, such as the one that threatened some years ago.

Addressing a passing out parade of 40-odd members of the Special Service Unit (SSU), of the Royal Dominica Police Force here, Miss Charles said much criticism had been levelled at her administration for training policemen.

NOT SOLDIERS

Her remarks were in apparent reference to Opposition charges that the Government was involved in an arms build-up within the country, and that despite the fact that the Dominica Defence Force had been disbanded, two years ago, the Government was now involved in raising a secret army.

Miss Charles warned the policemen: "You are not soldiers, and you are not a secret army. You are policemen whom we have given all that we can to ensure that persons can not come in here to surprise us as they have done in the past."

She said while the majority of the population had welcomed the idea of

training the policemen, there were those who had thought otherwise. She added:

"Those who had ideas that they may go a little further than necessary are a little frightened that now we are making sure we have persons to look after the situation in the future."

"The criticisms are coming from people who are afraid to have police well trained to look after law and order and the security of this country, and in spite of this, we will continue to make sure we have a fine police force."

"We feel that if we are going to rely on you to give us law and order, and security, then we must fit you to carry out those duties, she told the unit, which has completed six weeks of military training exercises, conducted by a United States military team.

Miss Charles said the event which occurred in Grenada, last year, did not cause her Government to seek such military assistance. She said the programme had been discussed long before the Grenada intervention by U.S. and Caribbean

Also addressing the parade and ceremony was the U.S. Ambassador to the Eastern Caribbean, Milan Bish.

ANAPS REPORTS ON 1983 PROGRAMS, ACCOMPLISHMENTS

Managua EL NUEVO DIARIO in Spanish 6 Jan 84 p 2

/Text/ A total of 200 political and cultural activities, cinema weeks in Managua and cities in the interior of the country, talks, presentation of documentaries in which some 30,000 persons participated, is the result of the activities carried out in 1983 by ANAPS /Nicaraguan Association of Friendship with the Socialist Countries/.

This work supported by the embassies of the socialist countries--accredited in Managua--and the popular organizations, among the most outstanding of which are the CDS /Sandinist Defense Committee/, ANDEN /National Association of Nicaraguan Teachers/ and CST /Sandinist Central Organization of Teachers/, were useful in the political-ideological preparation of our people, basically by informing them of the reality and advances of the socialist community.

Despite the flare-ups of counterrevolutionary aggression both on the northern and southern borders, as well as the diplomatic hostilities of the U.S., we managed to reach many sectors of our population, basically the working class, the moving force in the revolutionary process.

The local and international information agencies, among them PRENSA LATINA, the NEW NICARAGUA AGENCY, Radio Sandino, EL NUEVO DIARIO, etc., offered excellent coverage of the different activities held in Managua, among which we may enumerate: the centenary of the death of Karl Marx, the 30th Anniversary of the Assault on the Moncada Barracks, and the 66th Anniversary of the Great Socialist Revolution in October.

Besides providing information through our bulletin AMISTAD, we have managed to get to publish monthly 500 copies which are sent to unions, ministries, members of the Assembly of Friends, diplomatic missions, and basically to our similar organizations of the socialist community. We believe it is of the utmost importance to publicize our reality abroad for the purpose of strengthening the knowledge of brother peoples.

Historical dates like "The Great National War," technological advances of the socialist countries, backgrounds and records of the antifascist

struggles, have been projected by the Sandinist Television Service (SSTV) during 1983, totaling 1,183 documentaries. To this we may add showings of 165 films to various popular organizations.

We also periodically send our counterparts in the socialist community further information on local events through newspapers like BARRICADA, the magazines SOBERANIA--official organ of the Anti-Imperialist Tribune of Our America (TANA)--texts published by the JGRN /Junta of the Government of Nation Reconstruction/, the DEPEP and Nueva Nicaragua Publishing House.

International Work

This year our bilateral relations were strengthened. Last July our general secretary, Comrade Socorro Galan, traveled to Berlin in the GDR to participate in a freindship meeting in which we denounced the preparations then being made against Nicaragua by the Reagan administration in connivance with the thousands of ex-Somozist guards.

Our headquarters were visited in 1983 by 12 delegations of fraternal countries that had been invited by other Nicaraguan organizations, among them the Nicaraguan Committee for Peace (CONIPAZ); we can mention among them; the Peace Committee of the USSR, the women's organizations of Czechoslovakia.

The "Assembly of Friends" is an organization composed of Nicaraguans who for various reasons have traveled to the socialist community. The membership consists of workers, students, professionals and government employees, and has gradually increased, so that at this juncture, in two promotions, we have given identity cards to 51 outstanding members.

A proof of this strengthening of our projection--supported by the Assembly of Friends--was the successful carrying out of the central function of the 66th Anniversary of the Triumph of the October Socialist Revolution attended by such honored guests as the political secretary of the 3rd Region of the Sandinist Front--Managua--Commander Dora Maria Tellez, and the Soviet ambassador in Nicaragua, Guerman Shliapnikov.

Because of the friendship of the socialist community, we managed to set up the ANAPS language laboratory during the first 2 weeks of last November, after the USSR Union of Societies and Friendship gave us a modern laboratory to be put into operation in 1984 on the premises of the "Ernesto Salaverry" Complex.

The first students of the laboratory will be selected by the popular organizations and outstanding members of the "Assembly of Friends" of ANAPS.

We can show that the Soviet Union has offered us in Nicaragua a huge amount of cooperation, including credits up to on the order of 200 million dollars starting in 1979. These credits include agricultural machinery, technical and cultural cooperation, plus other areas of trade cooperation without any sort of restrictions. ANAPS PRESS AND PUBLICITY

12448

CSO: 3248/375

MATIGUAS CLERGY SUPPORT REVOLUTION'S PROGRAMS

Managua BARRICADA in Spanish 29 Dec 83 p 8

/Article by Juan Ramon Huerta/

/Text/ "The result of these activities is simply the existence of an authentic Church," asserted Father Damian Muratori, parish priest of the church in Matiguas and now responsible for the Franciscans in Central America.

Father Muratori had just officiated at the "seventh-day mass" and was talking at the parish house, in front of the square bordered by cypress trees. And what are these activities that he was enumerating to live an authentic Church?

The list is long. The Church in Matiguas participates in the appointment of peasant leaders as delegates of the word, but also conducts vaccination campaigns or campaigns of any other kind.

The members of the Franciscan Youth take part in the corn harvest, in first aid teams and invite the inhabitants of this community of 16,000 to join in support of the revolutionary design, the mass organizations, the Patriotic Military Service. "To do so is a duty of the people," concluded Muratori, who has been working for 7 years in that parish.

In a chapel attached to the San Jose Church, five first-aid courses have been given and the community has carried forward several vaccination campaigns sponsored by the Ministry of Health, and support has been given to the building of some bridges and to the old people's home.

Christian Aspiration

What is the reaction of a traditional peasant community to a church that assumes its commitment to the poor in this way? "Some may think that when our young people go to the corn harvest, it is because we are supporting communism, when actually what we Christians aspire to is to build a perfect society," the parish priest replies.

Father Mauro Jacomelli, assistant parish priest of San Jose Church, recognizes: "It is hard to make people understand that it is better to support what helps the poor politically and ideologically than to give alms to the poor."

"I mean working in a community where rumors and gossip abound and where the religious work must be done with lots of patience and care, can only be achieved with the help of God," he adds.

For instance, in 1980 the counterrevolutionary rebel leader Alfonso Robelo spoke here before many peasants for the purpose of creating a social base, and they later on, owing to their own confusion, began joining the ranks of the counterrevolution.

Jacomelli was in the Managua church of Centroamerica District until 2 years ago, when he was transferred. Now he does his work in Matiguas, which is one of the most important centers of dairy development in Region Six. Of course, he recognizes the difference between the work he did in Managua and the work he is going here in Matiguas. In a war zone like this, he said, the grief and pain of mothers whose children have been killed, abducted or kidnapped from their families, is rampant, the counterrevolution arouses fear and confusion, and, make threats and create a climate of tension.

In the midst of this environment, there cannot be contradictions between Christian commitment and the defense of the country. "I did compulsory Military Service in Italy. Here I have my identity card," explains Damian Muratori, "and I am going to tell you one thing: from now on, any young man who aspires to the religious life in our order will have to show his identity card from the SMP /Patriotic Military Service/, so that he will not use religious activity as a pretext to avoid the tasks of the revolution."

And while the priest keeps talking, the last boys in the choir that sang at the seventh-day mass leave the church, after inviting the faithful to the "Jingle Bells" mass before Christmas and another group of boys continues to practice first aid in the adjacent chapel.

12448

CSO: 3248/375

ISCOTT FACING SHUTDOWN AS PROBLEMS, CRITICISM MOUNT

Government Dissatisfaction

Port-of-Spain EXPRESS in English 21 Jan 84 p 1

[Article by Niala Rambachan]

[Text] The Iron and Steel Company of Trinidad and Tobago (SCOTT) will be shut down in six months time if an international partner is not found to bail the company out of its current morass of mismanagement, informed sources have revealed.

The EXPRESS learnt yesterday that government was extremely dissatisfied with the running of the billion-dollar steel company on which a large part of the country's hope for the future has been pinned.

Up to now, the government and the company have maintained that it was the unavoidable decline of the international steel market and the problems of exporting to the U.S. which was responsible for ISCOTT's failure.

Now in the wake of Tuesday's major explosion at the steel mill, government sources have admitted that the management of the company was also to blame because of its dubious practices.

A three-man inter-ministerial team comprising the Permanent Secretaries in the Ministries of Finance and Planning and State Enterprises and the Deputy Governor of the Central Bank conducted an examination into the steel company during the latter half of last year and submitted a report suggesting that either an international firm be found to participate in the venture or it be closed down entirely.

This report suggested that the job of finding an international partner to be given to an interministerial team and not the present Board of the Company. Prime Minister George Chambers said in his Budget Speech for 1984 that he plans to "enlist the services of a high powered executive management team to secure within a stipulated time frame a suitable international partner with emphasis on technical support for the management, marketing and equity."

According to EXPRESS sources this team has not been set up as yet. However, speculation is rife that one of the international companies to be approached on the matter may be U.S. Steel.

In his Budget Speech, Prime Minister George Chambers, while stating that international partners are to be sought for the company, had also boasted at length of the wisdom behind the ISCOTT enterprise.

"While ISCOTT may not yet have unquestionably proven itself as a viable, self-sustaining venture," he quoted, "nothing in its experience to date establishes a compelling argument that the consideration or expectations which led the Government of Trinidad and Tobago to begin the project have, in light of subsequent developments, lost all measure of commercial reasonableness.

"Though difficulties encountered during startup have led to substantial cost increases not contemplated in the original projections, the Government of Trinidad and Tobago's continuing commitment to the project, a commitment seconded by independent lenders, does not at this juncture appear inconsistent with commercial considerations."

ISCOTT Reaction

Port-of-Spain EXPRESS in English 28 Jan 84 p 6

[Text]

THE TROUBLED Iron and Steel Company of Trinidad and Tobago (ISCOTT) is importing steel billets from the United States in a move aimed at averting the virtual closure of its billion dollar plant at Point Lisas.

ISCOTT, which supplies billets on the international market, has ordered some 10,000 tonnes of billets which are expected to arrive at the Point Lisas port next month. The state-owned steel company's decision to import the billets followed the virtual inactivity at its meltshop which was the recent scene of a death and an explosion which injured seven workers.

To add to ISCOTT's mounting problems, the majority of the company's plants are now inac-

tive or operating at minimum capacity. At the moment ISCOTT's two Direct Reduction Iron (DRI) plants are not working.

There was no indication when the plant will resume operations. The decision is dependent on present repairs, a source said yesterday.

According to highly-placed ISCOTT sources, the shipment is expected to last about 10 weeks. However, the source said that the troubled meltshop had emerged as a major issue in talks with "possible foreign partners." The Express San Fernando Desk learned that several officials of the Japanese firm of Kobe Steel had recently visited the ISCOTT plant for a few weeks to talk about possible partnership ar-

rangements.

Kobe recently bought from Kobe Corporation the midrex process of steelmaking which ISCOTT uses.

According to the source, the Kobe team was dissatisfied with the condition at the meltshop and had asked that the problems be solved before any further talks. Asked about the Kobe visit, an ISCOTT spokesman said.

"Kobe has been considered as the most efficient producers of wire rods in the world. We have been talking to them about their assisting us with their expertise in this department. I know nothing about partnership with Kobe."

An ISCOTT source however, said that there were "both sides of the

argument to be considered" where partnership in ISCOTT was concerned. The source said Japanese partners may want to close the plant for a short period to upgrade "general efficiency and make a brand new start."

Express sources said that the MITS ... Japanese Mitsui Corporation of St Vincent Street, Port of Spain had acted as Kobe's agent in the talks. But the Mitsui spokesman referred the Express San Fernando Desk to ISCOTT when asked to comment on the talks yesterday.

ISCOTT spokesman also said that the company had no "immediate comment to make when asked about the import of billets and other questions about the talks with Kobe.

Search for Foreign Help

Port-of-Spain TRINIDAD GUARDIAN in English 4 Feb 84 p 1

[Text] Government is taking steps to find an international partner for the financially troubled Iron and Steel Company of Trinidad and Tobago (ISCOTT).

According to a Ministry of Information release yesterday, the company's 1984 expenditure and the location of a partner will come under a review by a government-appointed team to be chaired by Mr Joseph Esau, chartered accountant.

Other members of the review team are: J.E.N. Scoon, managing director of the Trinidad and Tobago Development Finance Company; Gary Vos, technical director of Lever Bros West Indies Limited; Lennie Farfan, permanent secretary in the Ministry of State Enterprises; William Thompson, labour relations consultant and Carlos Hee Houn, marketing coordination manager of Fertrin (Fertilisers of Trinidad and Tobago).

The decision to appoint the review team and to locate an international partner followed proposals on ISCOTT outlined by the Minister of Finance and Planning, Prime Minister George Chambers in his 1984 Budget Speech.

The release said that Government is taking action to secure a review of the company's expenditure proposals for 1984, and to effect maximum savings in the shortest possible time through drastic reduction in current levels of expenditure among other things.

The other proposals stated in the Budget Speech was the enlisting of a high-powered executive management team to secure within a stipulated time-frame a suitable international partner with emphasis on technical support for the management, marketing and equity in the company.

Additional ISCOTT Measures

Port-of-Spain TRINIDAD GUARDIAN in English 8 Feb 84 p 1

[Text] The Iron and Steel Company of Trinidad and Tobago Limited (ISCOTT) has temporarily ceased production of billets to allow the company to carry out general overhaul and maintenance work on the two furnaces in the melt cast area.

Confirming this yesterday a company spokesman said that production ceased on Monday and operations would be back on stream by February 20.

Recently the No 2 furnace was damaged in an explosion which resulted in several employees being injured. Extent of damage to plant and equipment was put at \$160,000.

A report on the explosion has been sent to the Ministry of State Enterprises according to the spokesman.

The company has taken the opportunity to take down the No 1 furnace and have both overhauled at the same time. And since maintenance work is taking place at both furnaces, production has been suspended temporarily until February 20.

ISCOTT will not, for the time being, be in a position to supply the Caricom and local markets with billets. The company has wire rods in stock to meet local demands.

Foreign Partners

The company has assured continued employment for all workers while the maintenance work is in progress.

Meanwhile, Government is still looking for a foreign partner for ISCOTT for the company to operate in a viable position according to a source.

ISCOTT's management is trying to improve operations firstly by ensuring that there is no repetition of the explosion.

CSO: 3298/482

MEASURES INVOLVING RELATIONS WITH GRENADA REPORTED

Forces' October 'Standby'

Port-of-Spain TRINIDAD GUARDIAN in English 31 Jan 84 p 1

[Text] The Trinidad and Tobago Defence Force was put on standby immediately after receiving information relating to the "hostilities" in Grenada.

This was pointed out in a statement by Commodore Mervyn Williams of the Defence Force, released yesterday by the Ministry of Information.

Commodore Williams explained that the "state of readiness" was maintained until given orders to stand down by "higher authority."

He was referring to a report in a daily newspaper (not the Guardian).

The statement from Commodore Williams released by the Ministry yesterday says:

"It has been brought to my attention that a certain statement has been recorded in one of the daily newspapers in respect of the Defence Force of Trinidad and Tobago not taking part in the Grenada crisis.

"I wish to correct this unfounded and unfortunate statement.

"It is standard military procedure for the Defence Force of any country to go into a state of readiness whenever there are hostilities within the region of which they are a part. The Defence Force of Trinidad and Tobago is no exception.

Put on Standby

"On receipt of the information of the hostilities in Grenada, the Trinidad and Tobago Defence Force was immediately put on standby and the Minister so informed. The Commanding Officer of the Regiment and the Commanding Officer of the Coast Guard were given certain directives in respect to the course of action they should adopt to the operational readiness of their respective units.

"This state of readiness was maintained until given orders to stand down by higher authority.

"We did not, however, reduce our own internal security arrangements of patrol around the island.

Injuries and possible death is an occupational hazard all military units and members of the force accept it on entry.

"I wish to give the assurance that this Defence Force of Trinidad and Tobago is quite capable of performing any task that it is called upon to perform by the Government of this country and, I am sure, will give a very good account of itself in any field of endeavour."

Immigration Contacts

Port-of-Spain EXPRESS in English 1 Feb 84 p 1

[Text]

TRINIDAD and Tobago will be sending immigration attaches to Grenada once a week to make easier the issue of visas to Grenada nationals who want to visit this country, the Ministry of Information announced yesterday.

The new arrangements will go into effect immediately, the Ministry said, in a move obviously designed to ease the restrictions introduced by the Government after the murder of Prime Minister Maurice Bishop. The visa requirement for entry into Trinidad and Tobago was one such restriction which has been heavily criticised for its punitive effect.

Ban on 'Friendship' Stickers

Port-of-Spain TRINIDAD GUARDIAN in English 4 Feb 84 p 1

[Text]

THE MINISTRY of National Security has advised that there should be no "further issues" of "Grenada Friendship" stickers in which the Trinidad Flag is crossed with the Flag of Grenada.

In a letter sent to Mr Michael Williams, organiser of the campaign to raise funds for a "Grenada Friendship Fund", the Ministry said that prior permission was required for the display of the national flag and there should be no further issues and those stickers already issued should be recalled.

DISCONTINUED

Mr Williams, in a statement yesterday, said that he had formed a one-man committee and crossing the flags was to symbolise the friendship between the peoples of both countries. - He also solicited

contributions by letter and was able to collect \$25,000 to date.

He said the reaction of the Ministry of National Security was unexpected.

"I have sought and obtained opinion which is to the effect that no such permission is necessary under the Act.

"Since it was my intention that the Fund would close at the end of January 1984, I nevertheless decided to discontinue the distribution of the stickers," he added.

He said he wished to thank all who contributed to the fund by buying or distributing stickers, by direct cash contributions or by giving professional time and services without remuneration.

Persons still wishing to contribute could do so through the Grenada Friendship Fund, PO Box 808, Port-of-Spain, he said.

CSO: 3298/478

TRADE IMBALANCE BECOMING ISSUE OF EVER GREATER CONCERN

Ince Efforts

Port-of-Spain TRINIDAD GUARDIAN in English 30 Jan 84 p 3

[Text]

GOVERNMENT will be paying special attention this year to countries with which Trinidad and Tobago has had a consistent trade imbalance. The Ministry of External Affairs has already made it known to the countries that Government expects a "greater effort on their part to help redress the imbalance."

This was pointed out by Senator Dr. Basil Ince, Minister of External Affairs, during debate on the 1984 Budget in the Senate last week.

Drawing attention to the "network of 15 overseas offices," some located in key market centres, he said that they provided an important base from which to gather information vital to the exporter.

Senator Ince said the Ministry of External Affairs already had in place a corps trained in export promotion.

"Their knowledge of that foreign environment which can sometimes intimidate a new exporter is a valuable asset" he said.

Referring to trade with foreign countries, Senator Ince said that "with China Trinidad and Tobago had found a continuing interest in developing trade to our mutual advantage."

"We hope that the private sector will consider the extent to which it can join public sector enterprises in doing business with China."

CLOSE TOUCH

He said that with Nigeria and certain countries in the Middle East which revolve on the petroleum axis, Trinidad and Tobago had been in close touch in 1983 and proposed to continue to explore avenues of co-operation this year.

"In Asia, India is our most important point of contact. Shared historical experiences have served to consolidate friendly political relations which have never been questioned."

"India's thrust towards development has been pursued on the basis of an industrialisation strategy involving the adaptation and creation of technological advances and or revolutionising its agriculture."

Senator Ince added: "India's achievements have been impressive and offer a wide range of opportunities in the area of technical and technological co-operation. India is a valuable partner with whom mean-

ingful South-South cooperation can be promoted."

Senator Ince pointed out that the developed countries of North America, Western Europe and Japan, reflecting their dominance within the world economic system, constituted the areas with which Trinidad and Tobago conducted most of its external trade.

He claimed that in all the negotiations for access to markets the Trinidad and Tobago missions abroad had vital roles to play.

Both aspects of the CBI were of interest to Trinidad and Tobago and investment finance could inject much needed funds into the economy while the market access provisions were expected to avoid tariff and non-tariff barriers that might otherwise have been encountered.

He drew attention to the trade mission sent to Canada last year. Export openings had been found there, he added.

Picture of Deficits

Port-of-Spain TRINIDAD GUARDIAN in English 4 Feb 84 p 1

[Text]

TRINIDAD and Tobago has trade deficits with seven of the top ten countries with which it trades.

In some cases these deficits are so large that the country cannot realistically aim to eliminate them, either is this desirable in view of the need to tap foreign savings (capital inflows) to finance development.

These comments were made by Dr. Euric Bobb, Deputy Governor of the Central Bank of Trinidad and Tobago, at a special meeting of the Trinidad and Tobago Manufacturers' Association (TTMA) held at the Hotel Normandie recently.

Speaking on the topic "Import Budgeting and Commercial Policy", Dr. Bobb referred to the trade deficits pointing out that where the country was having difficulty in getting an acceptable return on investments, it would be advantageous to arrange some form of counter trade with countries supplying the technology, with contractors or with countries with which Trinidad and Tobago had a chronic deficit.

On the other side, there were countries which were unable to settle short-term trade debts with this country and we should seek to minimise such forced debts through counter trade," said Dr Bobb.

Counter trade was one of the examples of commercial policy that Dr. Bobb outlined to describe how import restrictions could be coupled with export expansion.

In explaining the need for commercial policy, Dr. Bobb told the audience that import budgeting could not stand alone as a policy instrument.

"The import budgeting instrument must be supported by appropriate monetary, fiscal and commercial policy as well as development policies designed to increase the capacity to generate foreign exchange."

"In the context of balance of payments difficulties, monetary policy must be both restrictive and selective. It must also be selective in ensuring that credit flows first and foremost to the productive

sectors and within the productive sectors to those industries and firms which have the capacity to generate foreign exchange."

Dr. Bobb added that fiscal policy too had to be appropriately restrictive on the expenditure side with the basic principle being that the overall budget deficit was not financed by a level of domestic credit creation that would worsen the balance of payments and counteract or negate the efforts made in respect of monetary policy.

TRICKS OF TRADE

Commercial policy was normally taken to mean the imposition of tariffs and quotas designed either to restrict imports as part of overall balance of payments policy, or to protect certain domestic industries, or both.

Informing the audience about counter trade as an example of commercial policy, he said counter trade covered a whole range of commercial arrangements — counter purchase, buy back, switches, offsets and so on — where there was an explicit linkage of import and export transactions between the two traders or two countries.

Taking an example of counter purchase, Dr. Bobb said an exporter bought goods bearing no relation to those he produced and sold and in effect he undertook to market the goods on behalf of his importer.

In another type of agreement, the buyback agreement, the exporter was paid for plant, equipment and technology but agreed to buy back all or some proportion of the resulting production.

"Here again the marketing problems of the domestic producer are eased and foreign exchange earnings are assured," he said.

Counter trade was not without its drawbacks and problems, one of which was that since it shifted the international marketing function to the original exporter, the domestic exporter never really learned the "tricks of trade" of export marketing and no real transfer of that technology occurred.

ONR NATIONAL COMMITTEE PUTS PARTY ON ELECTION FOOTING

Port-of-Spain SUNDAY GUARDIAN in English 29 Jan 84 p 1

[Text] The National Committee of the Organisation for National Reconstruction (ONR) has directed the party to go on an election footing, the party's leader, Mr Karl Hudson-Phillips, told a public meeting Thursday night at Diego Martin.

Based on that directive, Mr Hudson-Phillips told his audience: "We have started here in Diego Martin tonight. We will not stop. We will take the ride, and we will continue the struggle and the battle at a high level of organisational prominence."

The ONR leader said that each and every member of the party had an obligation, particularly in Diego Martin. He told them the party's constituency office was at Sparrow's Hideaway and that they should call at the office to assist in the mobilisation and heightening of awareness among the population of what was taking place.

He urged others to join the crusade to rid the country of incompetence and corruption--burdens that were imposed on the population.

Speaking on the 1984 Budget, Mr Hudson-Phillips queried whether Prime Minister George Chambers could call upon the population to tighten its belt, when he was travelling first-class to New York, making BWIA by-pass Barbados, thereby losing revenue from passengers.

Policies

Because of present political dimensions, he pointed out, however, much local manufacturers may produce they could not sell in Caricom, or the US and were completely boxed in because of the policies of the Trinidad and Tobago Government.

Mr Hudson-Phillips recalled that in 1981 the slogan was "give George a chance." But he said, George has had his chance and had failed totally and miserably.

"I don't think that there is a sane and rational person in Trinidad and Tobago who will not agree with the proposition that the Prime Minister is totally incapable of handling the situation as it is now in Trinidad and Tobago," said Mr Hudson-Phillips.

He also recalled that when in 1981 he said the PNM could not last, a lot of people had accused him of being a revolutionary.

The only reason why now "the dead would not lie down," he indicated, was that if they did, they would prove him right.

CSO: 3298/479

BATTLE FOR PNM CHAIRMANSHIP OFF AS CHAMBERS STOPS VOTE

Port-of-Spain TRINIDAD GUARDIAN in English 3 Feb 84 p 1

[Article by John Babb]

[Text] Energy Minister Mr Patrick Manning wants to be chairman of the People's National Movement (PNM).

Works Minister Mr Hugh Francis also wants to be chairman of the party. And the current chairman, Mr Francis Prevatt, wants to retain his post.

These three names were reportedly on the list of candidates as nominees for the post of party chairman.

But what was shaping up as a three-cornered battle turned out to be a "no-no" when the party's General Council on the suggestion of the Political Leader, Prime Minister George Chambers, agreed to quash the list and cancel the election of officers.

The election of officers was originally due to take place at next weekend's overdue 1983 annual convention.

But Mr Chambers, as Political Leader of the party, had expressed his unhappiness over the list of candidates for the various posts. As a result he got the General Council to agree to remove the election of officers from the agenda for the upcoming convention. The election will now take place at this year's annual convention, later in the year.

Senior party officers--a few of whom had seen the list--were a bit baffled over two of the nominees down for the important post of chairman.

They were surprised at seeing Mr Manning's name for the top post, but even more surprised at Mr Prevatt's own, especially in the light of earlier reports that Mr Prevatt was not going to seek re-election.

In respect of Mr Francis, he was proceeding with a two-pronged attack, since his name was also down for the post of vice-chairman, currently being held by Mr Basil Pitt, High Commissioner to Barbados and the Eastern Caribbean.

This is the second time that Mr Francis is seeking election to the post of vice-chairman of the party.

At the last annual convention in the light of reports that Mr Pitt had to resign his post as a result of his appointment as ambassador and as his duties would keep him away for extended periods.

Talent Suppressed

But on that occasion, as was the case with this second time around, Mr Francis's nomination was dumped. On the first occasion it was subsequently discovered that Mr Pitt had not resigned so there was no election.

At that time, Mr Francis was up against Mr Ronnie Williams. This second time he came up against a former Minister, but now a back-bencher, Mr Sham Mohammed.

At last week's meeting of the General Council, Mr Chambers, while expressing that he was not happy with the list of candidates for the various posts, also charged that some people with talent in the party were either being deliberately suppressed, or kept on the periphery.

New Image

He told party members he believed the time had come for the party to show a new face and a new image to the population.

Being dissatisfied with the list of candidates, Mr Chambers asked the General Council to agree to remove the issue of election of officers from the agenda for the overdue convention scheduled for February 10, 11 and 12. And also to agree that the election would now take place at the next annual convention due in September. The General Council unanimously agreed with the Political Leaders suggestion.

In the meantime, Mr Chambers said he expects to receive one or two resignations. Should that occur, he would propose temporary replacements for those who quit, until the posts come up for election in September.

CSO: 3298/479

PNM NAMES COMMITTEE TO REVIEW PARTY LEGISLATIVE FUNCTION

Port-of-Spain TRINIDAD GUARDIAN in English 6 Feb 84 p 1

[Text]

A COMMITTEE has been appointed to review the function of the Legislative Group of the ruling People's National Movement (PNM).

This took place when the group held its annual meeting at the PNM's Balisier House headquarters, presided over by Mr. George Chambers, Prime Minister and Political Leader.

Mr. Ashton Ford, Parliamentary Secretary in the Ministry of Works and parliamentary representative for Arima, presented a report as the group's acting Secretary in which he said the body did not function well in the last year.

Mr. Ford, who was later elected unopposed as its secretary, disclosed that five of 15 meetings called last year were cancelled because of the lack of quorum in each case.

He explained in the report — which provoked lengthy debate — that members of the group which comprises members of the House of Representatives, the Senate, municipalities and county councils, preferred instead to concentrate on national issues.

Chairman of the review committee is Mayor of Port-of-Spain, Councillor Stevenson Sarjeant. Other members are Mr. Kamaluddin Mohammed, Senator Carlton Alert, Leader of the House of Representatives and the Senate, respectively, Government Senator Alwyn Poon Tip, and Mayor of San Fernando Councillor Rakeeb Hosein.

Secretary of this committee which holds its first meeting at City Hall, Port of Spain, on Wednesday, is Mr. Ford.

He succeeds Mrs. Amoy Kong See, who could not run for re-election as she lost her seat in the 1983 Local Government elections.

Assistant Secretary is Councillor Lennox Constantine, Vice Chairman of the St. George West County Council.

Treasurer is State Enterprise Minister Ronnie Williams.

Out of a possible 112, Saturday's meeting was attended by 84 persons.

ALLIANCE COUNCILORS IN CARONI FOCUSING ON CORRUPTION

Port-of-Spain TRINIDAD GUARDIAN in English 30 Jan 84 p 6

[Text]

THE ISSUE of corruption is expected to be discussed in detail at tomorrow's statutory meeting, the first for the year, of the Caroni County Council between the Alliance-controlled Council and the Administration.

This was revealed by highly-placed sources from both camps, as the Alliance Councillors have vowed to take "a more positive and serious view of corrupt practices" they say are becoming even more rampant.

The main source of this ensuing battle emanates over the decision of the Councillors "not to work with the new County Superintendent because he does not seem to be expending taxpayers money for the benefit of the masses."

They allege that "some of activities during his last posting to Caroni were subject to questioning and were somewhat corrupt."

Said one Councillor: "We have taken a decision not to work with

this new County Superintendent, and I think we intend to stand by that, because we don't want our image and outlook as decent and honest men, working in the interests of the masses of this country, to be impaired or tarnished.

This development follows the holding of an emergency statutory meeting last Tuesday in which the decision "not to work with or in co-operation with this County Superintendent or the Administration until the Ministry take the necessary steps to have him removed or transferred to another posting."

Two weeks ago, a powerful delegation led

by Chairman Councillor Mulchan Sieuchan and included Councillor Vinshuk Tikasingh, Chairman of the Finance and General Purposes Committee and Councillor Howard Maharaj, Chairman of the Roads Committee, met with the Ministry's Permanent Secretary and laid its case on his laps.

According to reports, no firm decision had been taken by the Ministry and the officer, in dispute, is still at his job in the county.

Tomorrow's meeting will decide what course we will pursue on this very annoying matter," another Councillor vented.

EFFORTS CONTINUE TO ACTIVATE ASSOCIATION OF COUNTY COUNCILS

Port-of-Spain EXPRESS in English 21 Jan 84 p 3

[Text]

ELECTIONS held by the Association of County Councils last November 19 have been declared null and void and fresh elections will be held today to fill the posts in the Association.

This will be the third attempt to get the body working since the Local Government Elections of August 8 1983. The first "meeting", convened under the title of the Association of Local Government Authorities (ALGA) in October, was aborted after objections were raised by lawyers Stanley John and Lennox Sankersingh concerning the presence of the four municipalities in the organisation.

They argued that the constitution of Trinidad and Tobago provided only for an Association of County Councils and no mention was made of the inclusion of city and borough councils. The matter was referred to the Ministry of Community Development and Local Government for comment and advice.

Subsequently another meeting was held, without the municipalities, and the county councils elected an executive under the chairmanship of Councillor Latchman Secheran. However according to a circular issued by the Association the elections were held under the rules of ALGA and were therefore null and void.

The Association has also received a letter signed by the Permanent Secretary in the Ministry of Community Development and Local Government which stated that the issue raised at the October meeting which was referred to the Ministry was presently receiving attention from the Solicitor General's department.

Sankersingh said earlier this week that an amendment to the constitution of the Association of County Councils will be put before the house at today's meeting which takes place at City Hall in Port of Spain from 10 am. The amendment will precede the election of officers which is also on the agenda at the meeting.

ROBINSON'S THREAT TO RESIGN ELICITS DIFFERING REACTIONS

EXPRESS Comment

Port-of-Spain EXPRESS in English 28 Jan 84 p 8

[Editorial]

[Text]

FAR FROM SETTLING down, the running quarrel between the central Government and the Tobago House of Assembly has heated up even more with the categorical rejection by Assembly chairman A.N.R. Robinson of charges of financial mismanagement levelled against the Assembly, in particular by Minister in the Ministry of Finance Senator Anthony Jacelon.

Mr Robinson has used some very strong language in his statement which he entered into the Assembly's records on Thursday. He considers the charges made by Mr Jacelon as "false, malicious, irresponsible and utterly outrageous". Indeed, Mr Robinson has even implied that Senator Jacelon should resign his office.

Mr Robinson has certainly offered his resignation as Chairman of the Assembly if an independent commission he has proposed to review relations between the central Government and the THA

supports the charges made by Senator Jacelon. This is not the first time that Mr Robinson would have resigned from public office or position. He did it in 1970 when he broke with the Government over its handling of the Black Power demonstrations; he resigned his Parliamentary seat in late 1980 to fight, and win, the House of Assembly elections.

We have therefore have little doubt that Mr Robinson would resign again, if an independent commission did find the Assembly guilty of the financial juggling that Senator Jacelon, and presumably the Ministry of Finance, have in fact said the Assembly has been involved in.

This particular issue blew up just before last Christmas when the Assembly kicked up a lot of fuss over the unavailability of money to pay some of its workers. It came close to a real crisis before the Prime Minister, once again, met with Mr Robin-

son and, seemingly, settled the issue because the funds were subsequently provided.

It did not end there, however. For Senator Jacelon did accuse the Assembly afterwards of hiring more people than it was authorised to do and in effect blackmailing the Government into paying people for work they had already done. According to Senator Jacelon, the Assembly was behaving irresponsibly and the Ministry of Finance was determined to make sure that it did not continue to do so.

Mr Robinson has clearly been angered by this. And he has made some strong counter charges of his own about the Government's attitude towards the Assembly: as Assembly chairman he still does not have an office and operates from his home. All six secretaries of the Assembly worked without remuneration.

There are 304 vacant posts in the Assembly and most other posts are simply acting appointments. Added to which, there was the question of Senator Jacelon's lack of courtesy (something that Tobagonians take very seriously) in visiting the island every week and never having once called on Mr Robinson.

Not surprisingly, Mr Robinson has also pointed to the 1984 Budget measures that apply to Tobago, in particular the increase in air and sea fares from

Trinidad, as more evidence of the Government's malevolent intentions towards the Assembly.

So seriously, in fact, does Mr Robinson view all this that in calling for an independent investigation into the state of relations between Tobago and Trinidad, he is prepared to stake his reputation, and his post as Assembly chairman, on the results.

The Government, we believe, ought to take Mr Robinson at his word. It cannot be that both Mr Robinson and Senator Jacelon are right. But until the issue can be properly ventilated, especially for a public not too familiar with the rules that govern relations between the Assembly and the Ministry of Finance, all we are in for is a perennial war of words between the Assembly and the central Government, something that is utterly distasteful when we take into account that this row is occurring between the twin constituent members of the unitary State of Trinidad and Tobago.

Mr Robinson has already threatened to launch a Caribbean-wide campaign against what he regards (and he has support in this in Tobago) as Trinidad's colonial attitude.

If, after all, the problems between Trinidad and Tobago are insoluble, what hope is there for the wider Caribbean integration movement?

[Text]

SENATOR Anthony Jacelon, Minister in the Ministry of Finance, says he would not hold Mr. A.N.R. Robinson to his promise — to resign as Chairman of the Tobago House of Assembly.

Mr. Robinson said on Thursday that he would resign if the Minister's statement about the Assembly unlawfully retaining balances of \$53 million, due to the Central Government, is proven to be correct.

"I personally think that Mr. Robinson has a great deal to offer to the Tobago House of Assembly, to Tobago, and to the nation of Trinidad and Tobago. And I hope he stays in public office for a long time. I also hope we can become friends," Senator Jacelon told the Senate late Friday night as he wound up the 1984 Budget Debate which lasted a record five days in the Senate.

Last Thursday, in a seven-page document, Mr. Robinson denied that the Assembly had unlawfully retained the \$53 million.

"I go further and make a public commitment that in the event that the Minister's allegations prove to be true and correct I shall forthwith resign my office as Chairman of the House of Assembly," he declared.

Senator Jacelon said at Friday's debate that it was about time the Tobago controversy be laid to rest.

"It is for two years now I have offered the hand of friendship. I have tried everything I have heard of, but without success," he said shortly after referring to the 1981 and 1982 annual reports of the Tobago Assembly.

At the outset, Senator Jacelon said he had never jumped out of his

crease as far as the Assembly was concerned. He had never made any public remark unless attacked. In fact he only replied to attacks made against him personally. But these attacks of late, he noted, have degenerated into irresponsible remarks.

He said he was being labelled as "French Creole", or sometimes called a "South African" in the newspapers.

"When these attacks are made, they are not only made against me, but against my father, and his father, and his father's father. And I am sure my poor father would turn in his grave if he could hear the insults being thrown at me now," said the Senator.

ATTACKS

He said his father was a man who had dedicated all of his working life to Trinidad and Tobago — first as a teacher, then as an accountant at the then Central Water Distribution Authority (CWDA) and then the Public Service. When he retired he was then earning the princely sum of \$260 per month.

"I think it is very unfair to do that to someone like him," said Senator Jacelon. "I have never heard anyone who knew him make such attacks on him, other than to say he was honest and was a man of integrity."

Referring to an article on the front page of a daily (not the "Guardian") last Friday, which he claimed was libellous, the Minister said he had made it a policy not to sue if the libel against him was not malicious, and he found there was nothing malicious in that libel.

He however told the Senate that he had never levelled charges of financial mismanagement against the Tobago Assembly.

"The context in which I said certain things was when I was asked whether I thought Government was doing sufficient to give the Tobago House of Assembly the monies it needed. And I said yes, it must be so, because the Assembly had a cash surplus at the end of 1981 and 1982. And, therefore, since the Government was giving them more money than they could have spent, by definition they were being given enough money."

"I also remarked that the monies had not been handed over to the Central Government in accordance with Section 42 of the Exchequer and Audit Act," he said.

Senator Jacelon then referred to the annual reports of the Assembly for 1981 and 1982.

Under the Tobago House of Assembly Act, he explained, Section 26 stated that on or before March 31 of each year, the Assembly shall present to the Minister a report of its activities during the year ending the previous December 31.

"Neither of these reports have ever been presented to me," he said.

Despite this, however, he had gotten hold of them, had them printed and laid them before Parliament.

"The Tobago House of Assembly refuses to recognise my existence and both these reports were sent to the Permanent Secretary in the Ministry of Finance and Planning."

He indicated that this was wrong because, in the context of the Act, under Section 2, the Minister means the member of Cabinet to whom responsibility for the administra-

tion of Tobago is assigned.

Senator Jacelon then turned his attention to page 99 of the Assembly's 1981 report: "It says quite clearly the balances are carried down; that at the end of the year there was a cash surplus of \$36, 436, 730.55.

"And similarly, if you look at page 28 of the 1982 report, you will see that at the end of the year, 1982, there was a cash surplus of \$30, 369, 679.63.

"What is interesting about that is not only have there been cash surpluses, but if you go through the accounts you will see at least \$6 million of the 1981 accounts is spent in 1982.

"These are the figures of the Tobago House of Assembly."

He recalled two repayments by the Assembly. The first amount was \$829,000, which was in the name of the Tobago County Council. The other amount was \$3,206,704, which represented unexpended balances received in 1982 as retroactive payments to workers.

"Other than these two amounts," he told the Senate, "no other monies have been repaid."

According to him, the finances of the Assembly are dealt with in exactly the same way as finances of the Ministries and other Government agencies. Monies are disbursed on a quarterly basis and, at the end of the quarter, "you have to show how you have spent the money, then in turn you get an advance for the next quarter."

Referring to the newspaper article, in which he was accused of not even paying a courtesy call on the Assembly, Senator Jacelon said: "I would have been prepared to pay a courtesy call if that is what they wanted. But I have never jumped out of my crease unless I see a bouncer coming to my head.

"I went to Tobago almost as a lamb to the slaughter, and before I knew what was happening, I was being called all names under the sun, so much so that I cannot now say I would have been too disposed to pay a courtesy call at that time."

Senator Jacelon said he thought that protocol called for the Assembly to pay him a courtesy call, since the Minister under the Act meant the member of Cabinet to whom the responsibility for the administration of Tobago is assigned.

"But I have never been a person to stand on my dignity. And the whole country can vouch for that," he said. Once his job required him to do something, he would go through with it.

Whenever he is in Tobago, Senator Jacelon said he moves about in an official car steering clear of Assembly projects, lest he be accused of interfering. He said he goes to Tobago to try and help people with problems of social security, housing, electricity, telephone, etc.

Sometimes he receives complaints about the Assembly, and most of the complaints were about victimisation. But whether it was so or not, he said, that was a matter between the people of Tobago and the Assembly. He has nothing to do with that.

Senator Jacelon also told the Senate that Section 50 of the Act has never been obeyed. It required the

Clerk of the Assembly, on or before May 15 each year, to prepare and submit to the Assembly for its approval, draft estimates of revenue and expenditure for the financial year, commencing the next January 1. The estimates, approved by the Assembly, would in turn be submitted to the Minister on or before June 30 for approval by the Minister who may make such modifications as he deems proper.

No estimate, the Minister said, has ever been submitted to him in accordance with Section 50. "But that is just by the by."

He then cited as another example the request by the Assembly to take over the Central Marketing Agency in Tobago. He said he had advised from the outset that the Assembly should establish its marketing function, it would then be given the necessary staff and equipment and the money need to operate.

"But no, they wanted the CMA. So we gave them the CMA." Now having had it, the Assembly was now saying it could not take the CMA, because it had not done what he had advised in the first place, Senator Jacelon said.

As is the case with a lot of things, he said, the CMA does not exist in isolation in Tobago. It had a central back-up system, likewise an accounting system, in Trinidad.

He also recalled the proposal for a joint consultation committee on Tobago which, he said, never ever got off the ground. He wrote Mr. Robinson on the matter of the joint committee, but to date had received no reply.

He said he had either heard or seen somewhere some public statement that the Tobago side did not like the members who were appointed to the committee by the Prime Minister, and that was the end of the matter.

The committee comprised Mrs. Muriel Donawa-McDavidson, Minister in the Ministry of Community Development; Senator Carlton Alert, Minister in the Ministry of Legal Affairs; Government Senator Patrick Arnold of Tobago, and Senator Jacelon.

The Assembly made no appointments.

ASSESSMENT, CRITICISM OF PROPOSED 1984 BUDGET CONTINUES

Tapia House Evaluation

Port-of-Spain EXPRESS in English 28 Jan 84 p 3

[Text]

THE TAPIA House Movement views the 1984 budget as a political campaign speech which fails to translate government's call for belt-tightening into the stern economic measures that are necessary, adding that it indicates government's belief that there will be a rapid deterioration in the country's economic situation.

And the measures were softened in order to set the stage for a plan mooted by the People's National Movement to call snap elections after the populace have been appeased into believing that "it wasn't so bad after all," according to speakers at yesterday's press conference.

The party also feels that the government should take a serious look at devaluation of the dollar as part of the answer to the country's economic problems.

Party chairman, Beau Tewarie, said that no attempt was made in the fiscal measures to impact on the critical areas of output, employment or balance of payments.

"This budget exercise might well be the opening gambit in a campaign for a snap election. It is clear from the speech that the government believes that economic conditions in our country are going to deteriorate," Tewarie said, with council chairman, Michael Harris adding that the government was pessimistic since it lacked the foreign exchange needed to refurbish the flagging industries.

He said that in the next nine months Trinidad and Tobago might be in a position similar to that of Jamaica and Guyana, but even worse, since this country lacks an agricultural base.

Further faulting the government with charges of fostering political patronage, Harris said that in 1984 there will be a re-alignment of political forces as the ruling party becomes unable to continue this practise.

And he forecast a situation where people will be unable to repay loans to bodies such as the National Housing Au-

thority, the Agricultural Development Bank and the Industrial Development Corporation.

"It is high time the country wakes up and understands that the government is trying to perpetrate an illusion," said Tewarie, who headed the conference held at Tapia's offices on Duke Street, Port of Spain.

The chairman said that government measures the quality of life in terms of cars, stereos and video recorders, adding that the objectives of the Demas Report are contained in previous reports and plans which government has not implemented.

He added: "Consistently the government has betrayed the hopes of our people and now in this budget, they are definitely attempting to deceive us. Tapia is unable to share the enthusiasm of those who have described the budget as reasonable and fair.

"Once again the government has failed to look at the country as a whole. They have refused to take the long

term view. They are prepared to cater to narrow sectional interests and have opted for the short term advantage".

He went on: "Nowhere in the budget are the exhortations to tighten our belts and to restrain consumption translated into the stern economic measures that are needed at this time".

Tewarie added that the effects of the budget would not be felt immediately, and the ruling party considered the dormant period as a good time to spring snap elections "on an unsuspecting public". He said they were also thinking in

terms of surprising the Opposition.

The chairman said that Tapia was ready in the event of a snap election.

He noted that with recent devaluations in Jamaica and Guyana, it may be just a matter of time before the measure is taken in Trinidad and Tobago.

"Devaluation is certainly one of the things that we need to take a serious look at, especially if we are attempting to reorient the economy towards exports," Tewarie went on.

He however stated that for devaluation to work, it must be part of a well integrated pack-

age. "Devaluation alone is not the answer. Indeed half way measures are only likely to get us into more difficulty," he said.

Tewarie also advocated a look toward non-traditional types of exports and unconventional agricultural diversification to cater to certain highly specialised markets, and also suggested a rethink on upstream and downstream arrangements.

He asked what increase in unemployment could be expected in the present economic situation when during the boom years of 1973-83, the figure dropped by only six percent.

Fears for Fishing Industry

Port-of-Spain TRINIDAD GUARDIAN in English 3 Feb 84 p 6

[Text] Fiscal measures outlined in the 1984 Budget relative to the fishing industry would soon cause the collapse of the small fishing sector if they are not recalled immediately. This is the view of fishermen of Cedros, Icacos, Erin, Orange Valley, Carli Bay and Moruga, contained in a five-page statement issued to the news media in the House of Representatives on Wednesday afternoon.

The statement, which had a covering note signed by an employee in the Office of the Leader of the Opposition, pointed out that small fishermen were making a positive contribution to the development of this nation.

"Yet, we must remark, the strategy and policy of the Government have been at odds with our aspirations as fishermen, since we feel that Government has not done what is required, and what we have been asking him to do over the years, so as to encourage and promote the endeavours of the small fisherman.

Constant Hazard

"Today we would be stifling the truth if we did not say that the small fishing industry is on the verge of extinction, and consciously or unconsciously, the Government is doing much to destroy this industry--we would hope unconsciously.

"Over the years, Government has done a lot to bolster and strengthen the big fishermen, those who own big trawlers, and in some cases fleets of trawlers, Government has also done much to bolster National Fisheries, but every measure so designed had served only to undermine and weaken the position of the small fisherman."

The increase in the price of marine fuel from \$2.10 to \$3.10 per gallon as announced in the '84 Budget, as well as the hike in prices of fishing gear and tackle, the statement stressed, made fishing today an uneconomic burden to the small fishermen.

"Granted that gasoline is subsidised, the system for collecting rebate on gasoline just does not function, so that in the final analysis, the fishermen have to absorb all costs or go under.

"The big deep sea trawlers, national and foreign, have not only damaged the inshore fishing, but are a constant hazard to small pirogues as they recklessly traverse the seas, knowing full well that they are answerable to no authority.

"National Fisheries, it will appear, has been introduced to put the final nail in the coffin of the small fishermen.

"It may be that it is serving well the interests of the big deep sea trawler industry, which because of volume of catch, can easily absorb and offset additional costs.

"But the \$2 per pound for fish that National Fisheries is presently offering the small fisherman, when fuel is \$3.60 per gallon, is ridiculous to say the least."

Cedros, the area which over the years has produced the most fish and shrimp, has been all but ignored by the Government, the statement claimed.

Call for Tobago Fare Rollback

Port-of-Spain TRINIDAD GUARDIAN in English 4 Feb 84 p 1

[Text]

CHAIRMAN of the Tobago House of Assembly, Mr. A.N.R. Robinson has written Prime Minister George Chambers asking him to rescind the budget measures to increase passenger fares and freight charges between Trinidad and Tobago.

He also wants the land taxes imposed in the budget removed.

Mr. Robinson said yesterday he had sent a letter dated February 2 in which he claimed that the Tobago House of Assembly had been advised that the increases which were imposed "without consultation" with the THA were invalid at law.

Mr Robinson a barrister-at-law said the increases were having a very damaging effect on the economy of Tobago and should be waived with retroactive effect

The THA Chairman explained that the Assembly authorised the letter to the Prime Minister who is also Minister of Finance and Planning at special sitting of its Finance and General Purposes Committee on Wednesday.

Mr. Robinson also pointed out that the Assembly decided to refer the matter to the lawyers who are conducting the Assembly's case against the Central Government.

He explained that depending on the Prime Minister's reply, the Assembly will decide what further action to take.

Meanwhile a group of "concerned citizens" plan to demonstrate against the increased rates and taxes beginning with a motorcade leaving Scarborough Car Park tomorrow at 8 a.m.

[Text]

THE 1984 Budget is an interim analysis which is in some ways superficial and is defeatist in the way it approaches the international economic situation.

This is the opinion of trade unionists throughout the country who are demanding an alternative budget more favourable to the working class. They have been discussing and analysing the recently announced Budget and will be releasing a joint statement on it shortly.

At a Press conference held last Thursday evening, union leaders expressed some of their views of the country's present economic climate and how it affects the worker.

A small group of trade union representatives has been carefully examining the measures proposed in the Budget. They have compiled a paper on their findings and will be presenting it to the general membership of their unions at the forum which is scheduled for Saturday, February 11, at the headquarters of the Transport and Industrial Workers' Union (TIWU), Eastern Main Road, Laventille.

This forum will be the follow-up to a similar exercise held at the Rienzi Complex, Couva on January 7.

Attending the briefing were Dr Ralph Henry of the Public Services Association (PSA), Mr David Abdulah, of the Oilfields Workers' Trade Union, (OWTU), Kenrick Rennie, PSA, Mr Clive Nunez, Transport and Industrial Workers' Union (TIWU), Wade Mark of Bank and General Workers' Union (BGWU), and Satar Abdul of PSA.

They said that the Budget analysis was part of an education drive among the membership of the unions. This move is regarded as essential in view of the number of critical issues now facing the country.

UNIONIST ATTEMPTING

Among other things, the trade unionists will be attempting to "formulate strategies for economic reorganisation". Their proposals will be considered against others including the Demas Task Force Report.

As PSA's Dr Henry described it, "we will consider what is required to get the country on the move."

Speaking specifically about the implications of the Budget, Dr Henry disclosed that trade unions had not been supplied with copies of the Demas Report.

He said Government identified several strategies adopted in the report and added others. However he said there was no indication of what direction would be taken.

He explained, "There was a lack of clarity on where the focus was going to be. In fact there was a lack of clarity in a number of areas in the Budget and there were contradictions."

Dr Henry revealed that trade unionists were addressing themselves to the whole range of measures aimed at increasing the country's revenue. He said that people were already feeling "the pinch" and those on the lower end of the income scale were the most affected.

However, he noted, the Budget was more conciliatory in its approach to the labour/management questions. He described this as a change from Government's attitude in previous statements when workers were made to bear the brunt of the blame for the country's problems.

"We saw serious issues not being addressed," he added.

"We know there is a need for some adjustment, but nowhere in the Budget is there an analysis of how the burden is to be shared among the various income groups. A lot of inequities were created in the

Budget and it is definitely not geared to help workers."

Dr Henry said that the Budget's attempt to deal with foreign exchange management was commendable. He added that people preferred to go abroad to do their shopping because of the price structure here.

Mr Clive Nunez, President General of TIWU, told the conference that union leaders were "always open for dialogue with Government".

"But before we do that we must have a clear perspective. There can be no dialogue until the issue is understood by the rank and file membership of unions."

He also shared the opinion that the Budget left the brunt of the economic burden on workers.

"Workers are not responsible for the present crisis. The overnight millionaires in this country should be blamed," he said.

He said the new health surcharge to be paid by workers was just one of a number of burdens imposed as a result of the Budget.

"Democracy demands rule by the majority and workers are in the majority," he declared.

OWTU's David Abdulah charged that workers were paying for the damage to the country's economy incurred by oil companies. He described it as a matter of "Peter paying for Paul".

Mr Abdulah explained that while in 1981 oil companies contributed 63 per cent of the country's revenue; by 1984 this had fallen to 32 per cent. He pointed out that taxes on individuals had risen from \$821 million in 1981 to \$9.1 billion this year.

Caroni Council Acquiescence

Port-of-Spain TRINIDAD GUARDIAN in English 6 Feb 84 p 6

[Text]

THE CARONI County Council "although not pleased" will accept the \$43.5 million for recurrent expenditure, and \$900,000 for development works in 1984, according to Councillor Mulchan Sieuchan, chairman.

He said that "when both sums are collated, they will represent just about 50 per cent of what our original requests were, and in these days of high prices and costs, we are not too sure what major projects

we could succeed in".

WAYSIDE

Councillor Sieuchan pointed out that originally the council requested \$50 million for recurrent expenditure and \$52 million for development works and "many projects earmarked for construction this year will have to fall by the wayside".

Although admitting that the Council got \$1.5 million more than last year's allocation under recurrent expenditure, "we are still not satisfied with this amount".

He said "it could well mean the laying off of several hundred casual employees and the reduction in several services which we now offer and provide".

The representative for Waterloo/Perse-

verance elaborated on how the Council intended spending the \$900,000 allocated for development works: \$200,000 on the development of a cremation site at Carli Bay, Waterloo, similar to the one at Godineau River; \$50,000 for a public convenience building at St. Mary's, Freeport; \$100,000 for sectioning and installation of model stalls at Chaguanas Market; \$100,000 for the establishment of a mini-market along the old Railway Track, Couva and; \$300,000 to be spent on the development, as was agreed upon earlier, on recreation grounds at Tortuga, Calcutta, Endeavour, Perseverance/Chandegore, Pierre/Tadahaille Road.

SIMILAR

"The remaining sum will be spent on

similar projects relating to development works as the Council may decide", he said.

Councillor Sieuchan said that the Council was "upset in that the original sum requested was not given, after we had spent so much time preparing, researching and even raising the hopes of the people of the country".

He viewed the situation as a move by Government "to deflate the interests and aspirations of our people, and I think that Government could still come to its senses and review our vote with the view to giving us some more funds".

Councillor Sieuchan added: "Our Council has decided to waste no more time in getting the machinery into action and start working on our various projects, both recurrent and developmental".

Agricultural Society Concerns

Port-of-Spain SUNDAY EXPRESS in English 29 Jan 84 p 2

[Text]

THE 1984 Budget is the last nail in the coffin of agriculture in Trinidad and Tobago, according to Ian McDonald, President of the Trinidad and Tobago Agricultural Society.

In an exclusive interview with the *Sunday Express* at the end of last Thursday's annual

general meeting of the Society, McDonald said that agriculture, the "sick man" of Trinidad and Tobago's economic sector, had been singled out for rather "distressing" impositions.

McDonald, a prominent agriculturalist, said he was "apalled" at the increase in land tax from 24 cents to

\$20 an acre which was likely to have a very serious effect on plantation and estate agriculture.

But the increased building taxes, water rates, purchase taxes and the higher price of fuel mean that every aspect of the farmer's existence has been sorely affected, he noted.

"The agriculturalist is in very serious trou-

ble with this budget," he declared "It would be very difficult for him to survive."

McDonald said that the government seems to be contradicting itself. On the one hand it speaks of the need for a major agriculture and food production drive and on the other it places additional burdens on the farmer. How can government subsidize an activity and then turn around and attempt to squeeze it for more revenue? he asked. "What you make from them you will have to give back to them."

He said that with the general rise in the cost of living the agricultural worker would probably demand a higher wage precisely at a time when the agriculturalist could least afford it.

McDonald, who was re-elected President of the Society at last week's meeting, noted that a large number of farmers had been making representations to the society in the aftermath of the Budget. And the Society has written the Minister of Agriculture, Kamaluddin Mohammed, protesting the new "impositions."

When contacted Mohammed said that he had just received the letter and was "studying it carefully." He was not prepared to make any comments at that juncture.

But in a special appearance in the Senate on Friday, Mohammed took issue with all those who claimed that agriculture was on the decline. He expected that over the next three

years there would be a resuscitation of agriculture. On the other hand, McDonald told the *Sunday Express* that, quite apart from the Budget, agriculture continued to labour under several disabilities, and he drew attention especially to the questions of marketing and praedial larceny.

He said that the middle-man was reaping most of the benefits from agriculture and quoted the instance where estates would sell bananas to middle men at 40 or 50 cents per pound who would then in turn retail them at \$1.50 per pound.

He felt that if government were to provide proper marketing facilities in line with the Society's proposals, the middle-man would be eliminated and the

farmer would be able to sell at a higher price while the public could buy at a lower.

He criticized the functioning of the newly-opened wholesale market and suggested that Government should construct special lay-bys on its new highways where farmers could sell directly to the public.

On the question of praedial larceny, McDonald said that repeated representations made to Government on this question had largely been ignored. "You grow a crop, but someone else reaps it," he lamented.

The Society, which has been in existence since 1894, has 700 members and 2,000 affiliates, representing all aspects of agriculture throughout the country.

Minister of Agriculture's Optimism

Port-of-Spain SUNDAY EXPRESS in English 29 Jan 84 p 2

[Text]

THREE years — that was all the time needed for a "resuscitation" in agriculture, promised Minister Kamaluddin Mohammed in the Budget debate in the Senate on Friday.

The Minister of Agriculture, Lands and Food Production joined the debate as it was moving into its closing hours, to emphasise the Government's "sincere desire" to "deal with the problems of agriculture successfully."

In fact, Mohammed insisted, progress was already apparent. Although the traditional export crops like sugar, cocoa and coffee were admittedly in decline, "in almost every area of domestic production,

there have been increases in supply."

He ticked off a list of some of the recent successes in agriculture:

- National Fisheries \$5.5 million fish market at Sea Lots. The company collects fish from as far away as Cedros with a "mother boat" and brings it back to the plant for processing. All the flying fish caught off Tobago is also bought by National Fisheries. The company has opened 12 depots and was selling products like king fish for \$4.76 a lb. (or metric equivalent).

- The rice mill at Carlsen Field, which produced over five million lbs last year. The potential was vast be-

cause the country imported 63.6 million lbs from Guyana and another 19.4 million in packaged rice from other sources, at a total cost of about \$60 million.

● Seed production. "Most" of the seed used by farmers now comes from two local sources, Chaguaramas and Piarco. A new strain of tomato, called the "calypso tomato", had been developed and was receiving good public acceptance.

● Cold storage facilities for food products were being put in place at the moment at Chaguaramas.

There might even be hope for at least one of the export crops, citrus, said Mohammed. At Grand Riviere, where the Government had purchased an estate, DEWD workers were being brought in, as

recommended some time ago, to help rehabilitate the citrus groves.

And the fishing facility at Carli Bay, Couva, the subject of adverse comment by Opposition Alliance Senator Dr Waffie Mohammed during the debate, was receiving urgent attention, since the Government itself was dissatisfied with the work done.

Several estates acquired by the Government were being slowly revived, the Minister stressed. But at Non Pareil, the Government was saddled with uneconomic crops and in Tobago, where 6,000 acres had been taken over, the perennial land title problem remained.

Mohammed insisted that the White Paper on agriculture was still valid and was being implemented.

CSO: 3298/481

BRIEFS

SUGAR CROP DIFFICULTIES--State-owned Caroni (1975) Limited is faced with a serious situation regarding its 76,350-tonne sugar target for 1984. The company has already lost thousands of dollars through unplanned fires and adverse weather conditions are putting a damper on sugar production. According to the 1984 crop plan, by now the company should have produced about 14,774 tonnes of sugar from 193,900 tonnes of canes. But according to the latest figures, only 7,731 tonnes of sugar have been made from 112,972 tonnes of canes. The daily throughput of both the Ste Madeleine and Bechin Castle factories should at this time be 10,700 tonnes of canes, but average supply of canes is only about 5,000 tonnes. More than 22,000 tonnes of burnt canes were up to earlier this week still in the fields. Wet fields have made it impossible for mechanical harvesters to take out the canes. If present conditions continue unplanned fires and wet fields--the company may not be able to meet its projected production target. The crop started on January 3 and is expected to end on May 11. A company official confirmed that the mechanical harvesters cannot go out into the wet fields. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 3 Feb 84 p 6]

CEMENT PRICE HIKE--Trinidad Cement Limited (TCL) yesterday announced price increases in cement based on the provisions of the 1984 Budget. The increases were based on the new levy stipulated under the Provisional Collection of Taxes Order 1984. Legislation for the Order was approved in the House of Representatives on Wednesday night. A bag of cement now costs \$10.20, eighty cents more on the retail market. The wholesale price is \$9.40, a difference of 73 cents on the old price. The tax on bulk Portland cement purchased is \$17.06 on the wholesale price. Purchase tax on the wholesale price of bulk sulphate resistant cement is \$23.49 and when this is purchased in bags, the tax is \$1.09, with immediate effect, TCL stated. The statement added: "TCL has further stated that customers who have already made deposits must pay the purchase tax prior to the delivery or collection of their orders." [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 3 Feb 84 p 1]

PNM YOUTH OFFICERS--Fitzroy Nurse is the new chairman of the Yough League of the ruling People's National Movement (PNM). Election of officers was one of the highlights of the League's annual conference which took place at Balisier House last weekend. Other officers elected for the ensuing term were: Mr Richard Walcott (Vice Chairman); Miss Heather Byer (Secretary);

Miss Iva Agacia (Assistant Secretary); Mr Bobby Charles (Treasurer);
Mr Henry Nicholas (Education Officer); Mr Sahadeo Gookool (Field Officer);
Miss Debra Robinson (Welfare Officer); and Public Relations Officer, Mr
Claude Boyce. Mr Boyce announced that the new executive would hold its
first meeting today at Balisier House, headquarters of the PNM, starting
5:30 p.m. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 7 Feb 84
p 16]

CSO: 3298/482

GONZALO BARRIOS OPPOSES LEGISLATION TO REPLACE DIAZ BRUZUAL

Caracas EL UNIVERSAL in Spanish 28 Dec 83 p 2-1

[Text] Gonzalo Barrios is opposed, and he admits it publicly, to the idea of approving legal reforms aimed at removing Leopoldo Diaz Bruzual from the presidency of the Central Bank of Venezuela [BCV].

The casuistic legal modifications, in his viewpoints, would weaken the political image of the Venezuelan State.

His opinion is that in the case of Diaz Bruzual, as well as in that of the president of Venezuelan Petroleum [PETROVEN], Humberto Calderon Berti, there are administrative means for resolving the situation.

"I believe there will be no legislative intervention but rather an administrative intervention."

In his residence in the Las Mercedes development, the well known Democratic Action [AD] leader talked yesterday morning on the national political picture and the immediate prospects.

He is convinced that the new government, without placing emphasis on the previous government, will have to change in many ways and in many fields and require the Venezuelans to become fully aware of the problems of the country.

"We are going to be a normal country in the sense that the people are going to fulfill the biblical maxim of earning their bread with the sweat of their brow and that they are not going to earn it in some sort of moral air conditioning, which has simply been damaging to Venezuela..."

The Changes

The accounting by Barrios of national life during 1983 is very critical.

"I would be insincere, and that insincerity would be clearly seen, if I were to say that last year was politically plausible from any point of view. We are not here to reproach and the general climate is conciliatory. I have always been very conciliatory, therefore, this climate coincides with my innermost feelings.

However, at the same time we must respect the objectivity and truth with respect to public opinion and those who read and hear us. Last year was, from many points of view, very reprehensible. We have already said that during the electoral campaign but it is still the truth, even if the campaign is over and the political problem has been solved with the election of a new government.

"It will be a matter of studying and making clear which are the evils which could have been avoided, which are those which are not attributable to poor administration, bad policy, the bad concept of the national problem in general, and which are the evils which can actually be put on the accounts of those government leaders who are leaving."

In any case, as far as the AD president is concerned, what is important is that from the study, from the accounting, from the comparisons and the various hypotheses, we arrive at the conclusion that a general rectification is feasible.

His forecast is that the political life of Venezuela will be difficult in coming months and years and we shall have to revise many concepts, norms of behavior, adapt ourselves to new situations and, finally "arrive at the conclusion that this earthly paradise--somewhat perverted because it is not logical that it consist of a distribution of natural resources which is exaggerated with respect to our own work, our own effort--has already ended and cannot return."

We are Going to Wait for What Sosa Says

[Question] What is your opinion of the report by the president of the Central Bank?

[Answer] That report is important for beginning to make it clear what should not be done in the country. He, Diaz Bruzual, has many correct points of view and has others which--I do not know for what reasons, whether because of emotion or for whatever it may be--represent a sort of personal position which has become opposed to the general interest, to the general explanation of the Venezuelan phenomenon.

I believe it would be very suitable to wait for the announced speech by the minister of finance before reaching a final judgement. However, I can say that not everything Diaz Bruzual says is censurable, nor is everything Arturo Sosa says acceptable. Both were part of a truly incomprehensible moment in Venezuelan history from a point of view of universal politics. Both exercised a sort of enigmatic refereeing, at the same time, of the Florentine games among their collaborators, and to the various problems from which a climate of contradiction resulted in which problems could be hidden for some days but not resolved in several years. It was an unacceptable climate from the point of view of a country."

According to Gonzalo Barrios, all this allows one to think that Diaz Bruzual and Arturo Sosa could then write their memoirs as collaborators who had an impossible chief and this would be important as a lesson for Venezuelan politics.

"Both Sosa and Diaz Bruzual have reason for complaining about the president because he never supported either one unrestrictedly nor did he concern himself with bringing fairness into play between them. If he had done so, he would have been able to establish a line of conduct. He preferred to devote himself to a game of contemplation and perhaps some very intimate comments on what was happening. As a result of that, we have aggravated our financial problems with that spectacle that has not ceased to harm Venezuela greatly abroad: the Central Bank in constant conflict with the administrator of national finances.

The Foreign Debt

With respect to the foreign debt, Senator Barrios repeated his belief that it would be very serious if the Venezuelan State, the nation and the government, were not to do their duty and would devote themselves exclusively to paying the debt. That cannot be the main and only mission of a state.

It would be very grave if Venezuela did not want to pay the debt, that it would deny it, but it would also be very grave to devote itself to doing nothing more than paying it.

"We have to impose the point of view that the country, with the terms that may be necessary and in the form which may be inevitable, must face its obligations but at the same time it must retain enough resources to fulfill immediate objectives of the state: development, social welfare, public services, and so forth..."

To illustrate his opinion, Gonzalo Barrios said that it cannot be said that "this is a country that paid its debt but died of hunger..."

He also emphasized that the creditors do not have a high moral right because we all know well that this Latin American debt is in large part born of what we could call the "vagaries of international capitalism."

Answering a question, he pointed out that the president-elect has the intention, is determined, to make a broad-based government of the best.

There could be party-based preferences for political posts, that is natural. No outsider is going to be placed in office as minister of domestic relations, for example.

"In general, however, there prevails in the spirit of President Lusinchi, and I know it, the desire to obtain the best collaborators. A case worth mentioning as an example of a good citizen is that of Carlos Guillermo Rangel, who had all our support and that of the president-elect for becoming chief of the Ministry of Finance, however, his health does not allow it and, therefore, another must be sought. This is an important case and I believe that in this ministry, as well as in the Ministry of Development and in all that have to do with social problems, will be those who best represent the public interest."

Time for Frankness for the Assemblies

Gonzalo Barrio acknowledged that the legislative assemblies have not been in their great majority at the level of the needs of national democracy. There have been abuses for which no single party in particular is responsible.

With respect to the AD, a sort of congress will be held with the members of the legislative assemblies to establish certain rules to protect the resources of the states so that those bodies cannot have uncontrolled expenditures, unjustified subsidies, exaggerated salaries or quick retirements.

For the very autonomist, he used the word with irony, he issued a severe warning: "If they disobey those rules we are going to establish, they will be expelled from the party."

That is a criterion that will also prevail for the municipal councils.

8908

CS0: 3348/242

FOREIGN DEBT INCREASE ESTIMATED AT \$21 BILLION

Caracas EL UNIVERSAL in Spanish 2 Dec 83 p 2-1

[Article by Fanny Perez V.]

[Text] In the opinion of the former negotiator of the foreign debt, we Venezuelans are paying the price for the lack of financial discipline that has characterized the Venezuelan Government in recent years. No economic growth was recorded between 1978 and 1982, which created negative expectations domestically. Centralization of PDVSA [Venezuelan Petroleum, Inc.] reserves by the BCV [Central Bank of Venezuela] had a negative impact on the flow of U.S. credit to the country. The ratio between the debt and assets in 1982 increased, since for every dollar which we have deposited abroad, we owe \$2.3. We cannot refuse to participate in an adjustment program with the IMF.

At the risk of making cutting remarks, Dr Mauricio Garcia Araujo, the former negotiator of Venezuela's debt in the United States, made some harsh appraisals yesterday regarding Venezuelan economic prospects and the climate of uncertainty characterizing Venezuela's economic relations in the international economic context.

In a masterful exposition, the Venezuelan economist addressed an audience of Venezuelan businessman who were specially invited to hear the recommendations of this Venezuelan, who will soon publish a book in which he will compile his experiences as negotiator and will also provide a detailed picture of Venezuelan economic prospects.

He began his speech by affirming that domestic confidence in the country has deteriorated and that the country's international credibility has been jeopardized.

He attributed the causes of the country's current crisis to the serious balance of payments problem, which arose from the need to reestablish the bolivar's international exchange rate, and to the weakening of the international oil market, as well as to the public sector's excessive accumulation of short-term debts in excess of the country's available tax assets.

Garcia Araujo attributed the crisis to the public sector's combined deficit and to the stagnation of private investment and production observed in Venezuela in recent years.

Another problem which made the country's domestic contradictions worse was basically due to the obvious contradictions between the BCV and the Ministry of Finance.

"What is disturbing is not the BCV-Finance Ministry conflict in itself, but rather the confrontational style which has hampered the normal development of the country's productive and financial activities, as well as the process of renegotiating the Venezuelan debt," Dr Mauricio Garcia Araujo noted.

Roots of Venezuelan Problem

There are specific causes which have helped to weaken the Venezuelan economy and to produce the current crisis, whose reorientation, in the opinion of Mauricio Garcia Araujo, will require the implementation of a group of measures which are part of a program of economic adjustments to orient and guide Venezuela along a course different from the present one.

This program of adjustments in the Venezuelan economy must be characterized by "attainable and lasting" solutions, which were outlined by Garcia Araujo.

Stagnant GDB: No Economic Growth

During his lecture, the former negotiator of the Venezuelan public debt recalled that the gross domestic product [GDP] was at a continual standstill between 1978 and 1982.

"There was no economic growth during the period from 1978 to 1982," he noted. "An economic that ceases to grow, becomes weak, thus a situation of negative economic growth was established, which had an adverse effect on national expectations."

The lecturer and former chairman of the Venezuelan Association of Executives cited figures illustrating the excessive decline in domestic gross fixed investment, based on BCV data.

Professor Garcia Araujo noted that "in 1978-82, gross fixed investment declined by 30 percent and public investment increased by 19 percent; however, this increase was not enough to offset the decline in private investment, which dropped by 73 percent in the same period."

In the economist's opinion, this reduction of investment had such negative effects that it caused a lack of confidence in the country.

Whereas private investment declined during that period by a "very considerable" amount, Garcia Araujo said that a resumption of basic government agencies' investment was observed, an increase of about 82 percent in 1982.

This increase in public investment was the result of the government's implementation of large projects, nationalization of the petroleum and iron industries, the proliferation of new public agencies, and regionalization of Venezuelan development.

Uncontrolled Indebtedness

When Dr Mauricio Garcia Araujo referred to the foreign debt problem, he did not hide the fact that the country has overextended itself in terms of public spending and said that he believed that current spending has increased "extraordinarily." He also said that he believed that the foreign debt has grown "uncontrollably," basically because of government agencies' "addiction" to contracting debts.

The effect of these factors was such that in 1982 current expenditures represented 52 percent of the national budget--based on OCEPRE [Central Budget Office] figures.

"If we add debt servicing to this, we find that three-fourths of the national budget is devoted to current expenditures and to payment of the debt and its interest," Garcia Araujo pointed out.

Using these figures as a basis, it follows that there has been a great reduction of investment expenditures, which, as we know, is the part of the budget that generates new wealth and jobs.

Debt Originated in 1970's

In the opinion of Mauricio Garcia Araujo, the debt is not the most important problem at the present time, however it is the one that is receiving preferential treatment from the Venezuelan and foreign mass media.

"The problem of the debt is one of the many problems which make up the picture of the Venezuelan economic crisis," Professor Garcia Araujo said.

According to the figures furnished by the former negotiator of the Venezuelan debt, Venezuela's level of indebtedness is estimated at \$25 billion.

"Of this figure, 31 percent is represented by the central government's indebtedness, while 79 percent is represented by that of decentralized agencies, approximately \$18.700 billion," Garcia Araujo stated.

In the economist's opinion, the debt problem stems from the fact that loans were made for very short periods, i.e., with due dates falling in 1983 and 1984.

Sixty-four percent of Venezuela's foreign debt--i.e., \$17 billion--becomes due this year and next year.

In this regard, Garcia Araujo said that the Venezuelan Government does not have sufficient liquidity to pay off "such large liabilities within such a short period."

"In the case of the debt problem, I think that we are paying the price for the lack of financial discipline that has characterized the government in the last 10 years," the lecturer stated.

In referring to the use of foreign credit during the period from 1976 to 1982, he described it as substantial and "nonnegligible."

Garcia Araujo pointed out that "from 1976 to 1982, the combined foreign debt of all government agencies increased by \$21 billion, which is equivalent to an annual indebtedness of more than 15 billion bolivars."

1982: Debt Exceeds Assets

In Dr Garcia Araujo's study, which he partially summarized, the researcher observed that the average of Venezuela's foreign debt continually exceeded the level of Venezuela's assets abroad beginning in 1978.

Garcia Araujo noted that in 1978 the foreign debt was estimated at \$14 billion, whereas assets were much lower: \$11.800 billion.

"In 1980, when Venezuela's foreign assets were at their highest at around \$19.800 billion (because of the accumulation of PDVSA deposits), the debt was already around \$21 billion," Garcia Araujo pointed out.

This means that the ratio between assets and the debt continued to be the following: for each dollar deposited by Venezuela abroad, we owed \$1.2.

This unequal ratio between assets and the debt worsened when the Venezuelan oil market weakened and the flight of capital abroad occurred. At that time, the ratio was approximately the following: for each dollar deposited abroad, we owed \$2.3 to creditor banks, which occurred in 1982.

Loss of U.S. Confidence in Venezuela

Internationally, there were two events which weakened Venezuela's image with international bankers and multinational corporations: the Mexican crisis and the centralization of PDVSA reserves by the BCV.

"The centralization of the oil industry's reserves by the BCV produced an adverse psychological effect and a negative impact on the level of U.S. confidence in Venezuela," Garcia Araujo noted.

In the economic researcher's opinion, in the United States "there was a change in perception which affected the flow of credit to the country."

U.S. Projections

Despite the little credibility which Venezuela had among international banks--a few months ago--when negotiations began, economic reports have now come out with substantial differences of opinion in their perception of the Venezuelan situation.

Despite the negative predictions of bankers, Mauricio Garcia Araujo cited figures furnished by a recognized U.S. economics publication, WHARTON ECONOMETRICS, which estimates that the Venezuelan balance of payments will finally show a surplus of approximately \$1.600 billion for 1983.

Program of Adjustments with IMF

In the opinion of Dr Mauricio Garcia Araujo, the country's present economic crisis requires an adjustment program characterized by "austerity and discipline" and which includes the participation of the IMF.

In any case, these adjustments must be consistent with the decline in oil revenues, which has taken place in recent years, and must be in total agreement with the next government, to be elected on Sunday, 4 December.

"Within a program of adjustments, the role of the IMF cannot be marginal, since it can be a way of facilitating negotiations for refinancing our foreign debt," Professor Garcia Araujo said at the close of his straightforward exposition and was applauded by all those attending the lecture.

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CSO: 3348/121

CTV MESSAGE UNDERLINES NEED TO DEAL WITH ECONOMIC CRISIS

Caracas EL UNIVERSAL in Spanish 28 Dec 83 p 2-1

[New Year's Message of the Confederation of Venezuelan Workers]

[Text] The immediate task of the new government with the unlimited support and without selfishness of any type of all sectors of the nation, is to confront the crisis which assails the country.

That is what is said in its traditional end of year message by the Confederation of Venezuelan Workers [CTV] and in his own name by the chairman of the executive committee, Juan Jose Delpino.

The following is the end-of-year message of the CTV:

The Confederation of Venezuelan workers sends a sincere greeting to the state authorities, the business sector, the clergy, the armed forces of the nation, the manual and intellectual workers and to the Venezuelan people on the occasion of the traditional holidays of Christmas and New Year. This message, conceived under circumstances that are different from last year's, wants to be the expression of the confidence and optimism our organization has in a future marked by the economic and social welfare of the popular classes, by development and growth of our industries and by the progress and consolidation, every day more solid, of the political institutions of our country.

Venezuela has just given a demonstration, greater than those given before, of its irrevocable support for the democratic system and for the advantages of its traditional principle: Alternation. That conduct leads us to trust that all the vital forces of our country and the creative potential residing in its collective being, will emerge successfully whenever the vocation to create and patriotism calls upon them to destroy the evils that afflict it, the vices which dishonor it and the injustices that discredit it. At the same time, they will build the foundations on which it will rise as the great mother of all, caring and just.

The CTV will have an important role to play in the political-social period that will present itself to the country in the immediate future. We guarantee that in its name we shall play it with the honesty of our class, with balanced moderation and sustained firmness. We shall not fall into the error of thinking,

and much less saying, that the success of the government to be inaugurated on 4 February 1984 will rest on the foundation of acceptance, with or without inventory, of the body of principles of the union movement. The immediate task of the government, with the unlimited support and without selfishness of all the sectors of the nation, is to confront the crisis which assails us. The social pact, the political platform of the winning candidate is, in our opinion, a broad commitment, the return of dialog, respect and acceptance of the requested or spontaneous opinions of the Venezuelans. It means also the sharing of responsibilities and delegation of obligations. The greatest burden of these will not fall upon the shoulders of the workers. We shall accept ours and we shall be able to fulfill our duties without this meaning neglect of the reason for being of the union movement: the search for improvements for the workers, the watch over the integrity of their wages and increasing them in keeping with their needs by means of using that universal instrument of democratic unionism, collective bargaining.

The new administration should quickly confront the serious problems which weigh devastatingly upon our people, almost all of them of priority nature. The one which has most affected the workers and continues to affect them is a certain climate of distrust which has persisted in recent times and has worked in favor of a recession, whose results have been an unprecedented unemployment in the process of economic development of our country in recent years. The return of trust to the midst of the sectors of national production is a very important step toward economic reactivation and the concomittant creation of jobs and absorption of unemployed manpower. We pledge our cooperation with all those measures which may be aimed at such a vital achievement.

In like manner, the most drastic measures against the corruption which hangs dangerously over our people, weakens their ethical drive and threatens to prostitute their customs, cannot be delayed.

Corruption has created a delirious state of mind in Venezuelan society to the point where well-known plunderers of the public treasury are received with respect and unheard of respect, not only in the elegant and exclusive clubs in which they speak and share with the most distinguished personalities of that which is known as high society, but also in those visited by the less fortunate social classes.

The fight against this social calamity cannot be restricted to the arrest and execration of the petty criminal bureaucrat; it must, and has to be, taken to the very center from which these poisonous emanations come.

The lives of Venezuelans and of those who, without being such, share in our anguish and hopes, have come to have the least of values.

Our largest cities have been taken over by the underworld and it is unlikely that a day goes by that we do not have to mourn the savage killing of one or several fellow citizens or weep at that of some relative. Our behavior and customs are conditioned by the state of emergency in which organized crime keeps our country. To go out at night is the greatest of risks. To wear any jewelry is an invitation

to violent robbery. A city, any city cannot live on edge, frightened and defenseless, as many of ours are, particularly our capital. To instrument the means that will facilitate and make police action effective against underworld activity is a task that cannot wait. We wish to state, however, that it does not escape our attention that this criminal avalanche originates mainly in well-known imbalances, the abolishment of which must also be attended to with celerity.

The circumstance which has allowed me to read this message from the CTV to the Venezuelan people and workers has been sorrowful: the death of Jose Vargas, who was our president until 28 September of this year when he gave up his soul to the eternal and his mortal remains to his land. Jose Vargas was an upright, loyal, and completely honest Venezuelan. Among us, he was the most outstanding, careful, capable and fraternal. Because he had those qualities, he was the target of plots and he was attacked infamously, proffered gratuitous insults by dishonest minds, and grey and sterile people took away from him half of his desires to live. The union leader, pictured by vileness and calumny as an entrepreneur and millionaire, died leaving as an inheritance to his wife and children the simple pension which the Congress of the Republic assigns to those who have been the people's representative for more than 15 years.

To have been his brothers honors us of the CTV and his memory shall accompany us always.

People of Venezuela

Fellow workers:

The CTV leaves you this message, filled with concerns but filled with hopes and sure prospects of improvement in all orders of national life. We have faith in the future of our country. It has the resources it needs for recovering from the evils of today and for insuring happiness for its children. Good luck! December 1983.

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CSO: 3348/242

SOCIOECONOMIC STUDY UNDERLINES ECONOMIC DECLINE

Caracas EL UNIVERSAL in Spanish 2 Dec 83 p 2-2

[Article by Thamara Nieves]

[Text] The "Solidarity" Foundation has made a study of the most prominent features of national reality and has concluded that from 1961 to the present, budget increases were based on an increase in oil production at its highest levels, which averaged 3,275 million barrels daily at an average price of \$3.07 per barrel.

The Solidarity Foundation has made a comparative study of prominent features of national reality, which include: the public debt, unemployment, agricultural and livestock production, and gross domestic product [GDP].

The purpose of this study is to help to increase individual and institutional participation in the decision-making processes of the Venezuelan Government.

In making the study, publications of the Central Bank of Venezuela [BCV], Ministry of Finance, Central Budget Office [OCEPRE], CTV [Confederation of Venezuelan Workers], INAVI [National Housing Institute] and the Ministry of Agriculture and Livestock [MAC] were used as information sources.

This analysis provides figures showing the country's present condition, which will necessarily be reflected in the efficiency of the new administration in 1984.

The data corresponding to 1976 was used because, according to the foundation, it is the most representative year statistically, since it was the one in which oil prices stabilized, in which the unfunded public debt was lowest and in which there was the least distortion in the economy.

Shown below are the table and graph which the Solidarity Foundation prepared and to which economists, mathematicians, lawyers, planners, administrators and analysts contributed:

Distribution of Some Prominent Features of Socioeconomic System
Condition of Venezuela as of 30 November 1983

FUNDACION "SOLIDARIDAD"
Distribución de algunos aspectos relevantes del sistema socioeconómico
Balance de Venezuela para el 30 de noviembre del 83

(1) Aspectos	(2) Promedio (1961-1983)	A/O Base 1976	1979	1980	1981	1982	1983
	(3) (CIFRAS EN MILLONES)						
(4) *Presupuesto y Modificaciones	18 777	44 806	49 243	72 976	93 962	86 224	89 859
(5) *Deuda Pública (No incluye la flotante)	9 329	22 397	54 533	60 753	66 723	82 539	150 000
	(6) (CIFRAS EN PORCENTAJES)						
(7) Desempleo	7.20	4.50	6.20	8.30	10.40	14.20	16.30
(8) Empleo	92.80	95.50	93.80	91.70	89.60	85.80	83.70
(9) Vivienda Relación (V/P.T.B.)***	3.70	8.10	8.30	6.80	4.10	4.20	3.10
(10) Producción Agropecuaria (P/P.T.B.)***	8.00	7.90	6.00	6.20	6.10	6.20	5.90
(11) Producto Territorial Bruto (P.T.B.)***	5.80	7.80	0.90	-1.50	0.40	0.20	-2.90

Key: 1. Feature	7. Unemployment
2. Average	8. Employment
3. Figures in Millions	9. Housing Ratio (H/GDP)
4. Budget and Modifications	10. Agricultural and Livestock Production (P/GDP)
5. Public Debt (not including unfunded portion)	11. Gross Domestic Product (GDP)
6. Figures in Percentages	

Sources: Ministry of Finance, OCEPRE, CTV, BCV, INAVI, MAC.

*The general comptroller of the republic estimates this at 150,000.00 million bolivars (including the unfunded debt).

***GDP at constant 1968 prices

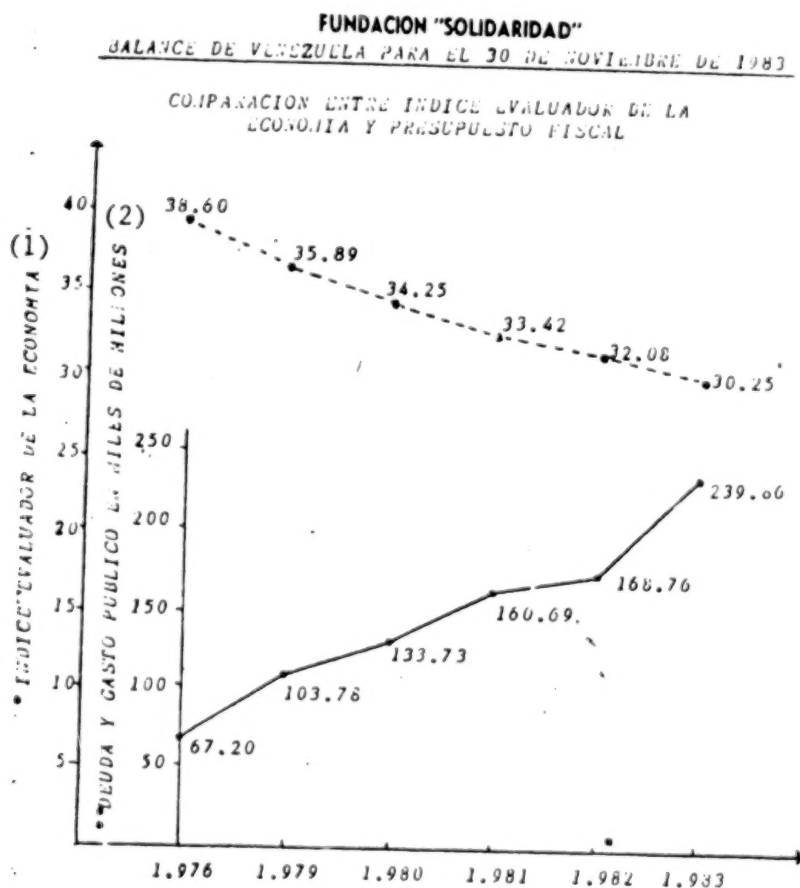
Note: It may be noted that the gradual growth of the budget for current expenditures and investment expenditures, which include a significant percentage for amortization of the public debt, which was not carried out, as may be observed from the public debt's growth, which amounted to 150,000.00 million bolivars for 1983, representing a 681-percent increase over 1986, this suggests two possibilities:

That payments for amortizing the public debt were not made on time.

2. The volume of indebtedness was much greater than the ability to pay.

The amount of indebtedness may be based on the acquisition and construction of infrastructure projects such as the Uribante Caparo Project, the Central Plant, the fourth stage of the Guri Dam Project, development of agricultural and livestock companies and industries, which contributed to significant growth of the GDP, which as may be observed, reached its lowest point in 25 years of democracy (-2.90).

Condition of Venezuela as of 30 November 1983
Comparison Between Economic Evaluation Index and Budget



Key: 1. Economic Evaluation Index
2. Debt and Public Spending in Billions

*Ratio between percentage of representativeness of features considered and socioeconomic system. The economic evaluation index is a measure of economic growth obtained by assigning weighted values to each of the features evaluated and in accordance with estimates made on the basis of an input-output matrix. These weightings have percentages which are the basis of this index, which is reflected by the graph's axes. The downward trend has a double negative value, since it signifies a double cost, meaning that the country is not developing and that it is losing the capacity to do so.

** Summary of budget, modifications and public debt.

FEDECAMARAS CALLS FOR REORIENTATION OF ECONOMIC PROGRAM

Caracas EL NACIONAL in Spanish 2 Dec 83 p D-7

[Article by H. L.]

[Text] The national economic crisis can only be solved by drastically reorienting the respective policies and this fact will have to be understood by the new administration to be selected in next Sunday's general elections.

This statement was made by the chairman of FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry], Dr Adan Celis Gonzalez, who pointed out that such a reorientation ultimately does not lie in applying larger doses of the same old tired "socializing and nationalizing prescription which has led us directly to the disaster which we are facing."

"Further increasing socialization and nationalization will simply be suicide," the business leader emphasized.

He explained that a change of spirit must be an essential characteristic of those aspiring to administer public affairs, so that they do not continue to view the output of the private sector's efficiency with distrust.

"The important thing is to create wealth, so that it can be distributed. We cannot continue to have a society that condemns the private sector's profits and the public sector's losses," Celis added, supporting past statements made by the late businessman Carlos Cisneros Rendiles.

Celis expressed the view that a start must be made in dismantling this overgrown government, while making room in Venezuelan private enterprise.

"Governments have to focus their efforts on tasks which directly concern them, tasks which they are today neglecting to become involved in areas which have nothing to do with them. They must double their efforts in the area of public order and the administration of justice, to improve public health systems, which today constitute disgraceful impediments and scandalous deficiencies. And above all, to put their house in order in the case of education, so that our youth will receive real training for development," Celis said.

Dr Celis reiterated the desire "not only of businessmen, but of the national community" for limiting the government's radius of action, by restricting its influence in the economy and in the development of society, in order to promote economic recovery policies with respect for economic liberties.

The FEDECAMARAS chairman added: "The leaderships of democratic political parties and their presidential candidates, for the first time since 1958, have begun to understand these urgent needs, in spite of an election campaign which has been characterized by offensive language and personal insults."

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BRIEFS

MIR OPPOSITION TO ELECTIONS--An unbridled political voracity is what Hector Perez Marcano, president of the MIR [Movement of the Revolutionary Left], called the proposition expounded by Carlos Canache Mata, chief of the AD [Democratic Action] legislative faction, that municipal elections be held in February 1984. "If AD, against the demands of the country, is going to proceed to take advantage of its legislative majority to crush the majority opinion of the country, it would then have been preferable to accept the idea of the president of the Supreme Electoral Council [CSE] and held all the elections on 4 December, because it makes no sense to hold municipal elections in February, which would simply be an extension of the presidential elections and in which the voters would still be influenced by that decision. The president of the MIR believes that AD by making that proposal denies the demands of the neighborhood associations, communal organizations, the majority of the parties and independent voices, which demand the reform of the organic law of the municipal system and the law of suffrage so as to make elections more participative and democratic and change the archaic Venezuelan electoral system, mechanizing it. "The MIR declares," continued Perez Marcano, that once and for all the elections should be separated into three steps: presidential, then legislative and then municipal, with legislative renewal midway through the term and municipal tenure of 3 years." It is believed in the MIR that the best method for holding municipal elections is nominal elections "to which the population is accustomed, and at the same time the voter is free to choose his own municipal team. We also believe that reform should facilitate the presentation of candidates by communal organizations and groups of voters so that the parties do not overwhelm the municipal election and will see themselves confronted by organizations which are different in their purposes and objectives. As far as the date is concerned, we advocate March 1985, that way there would be enough time to change the laws without haste." [Text] [Caracas EL UNIVERSAL in Spanish 29 Dec 83 p 1-23] 8908

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